Newsprint Comeback? (Page 4)

Largest Circulation of Any Canadian Financial Paper

THE FINANCIAL POST

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The Nation's Business

May Commission on Our Finances Is Suggested

Financial Leaders Speak Out

Bradshaw Proposes Five-year Plan for Recovery

THE measure of the achievements of King George V rests in a contrast. The contrast is between the doubts expressed at the time of his accession to the throne and the tributes that are being paid on his death. In 1910 an untried ruler, the late King came to be a world symbol of freedom under an effective Democracy.

King Edward VII died in a time of general financial and social unsettlement. Stock markets were disturbed, British consols had weakened and the Bank of England was strengthening its liquid position, preparing for any eventualities.

Canada was in the midst of a keen discussion as to the need for revision of the B.N.A. Act. The province of Ontario was under fire for having passed legislation overriding contractual rights. Grave problems troubled anxious statesmen the world over.

The Financial Post commented on the death of King Edward:

"Having ahead of her the stupendous social problems which she has set out with such intrepidity to solve, Britain can at this critical time ill spare the steadying influence resulting from the sanity and the sympathetic and discerning tact of King Edward."

Then a new King came to the throne. Shortly afterward, the war changed the course of history. In the "black-battled years" King Edward's successor, till then an untested statesman, was

"........proved
"By Time, so savage to the throne of Kings."

Now a new King ascends to power in the aftermath of the war, in a time also of grave disturbance in the world. In the tradition of British royalty, he too will measure up to his responsibilities. Essentially an earnest salesman of Empire goods and Empire ideals, he has demonstrated qualities which promise to make his service to the Empire useful in new and in practical ways.

* * *

Mr. Bradshaw's Five-year Plan

THOMAS BRADSHAW, president of the North American Life, is known to have been studying out for some time the possible terms of a Five Year Plan of recovery and financial construction for Canada. It is not likely that there is anyone better qualified to outline such proposals.

Mr. Bradshaw took the occasion afforded by the annual meeting of his company to present his proposals. They conform closely to the presentations of Canada's problems and needs outlined from time to time in this column.

* * *

BRIEFED all too concisely, Mr. Bradshaw's proposals are as follows:

1. By economy and expanding trade to turn the railway deficit into a surplus.
2. To continue the orderly liquidation of our wheat carry-over.
3. To reduce unemployment by stimulating private industry.
4. To balance all public budgets.
5. By meeting public expenditures as we go, to avoid any addition to our debts except for justifiable services.
6. To refund public debts at lower rates of interest by normal refunding operations and, where necessary, through the Loan Council.
7. To reduce direct taxation.
8. To plan for uniformity in federal and provincial legislation.
9. To end debt moratoria and other legislation that keeps out capital.
10. To bring the East and West closer together.
11. To meet our debts honorably.
12. To promote private development of our resources.
13. To review social legislation in order to determine the need and the cost.

Mr. Bradshaw emphasizes that all of these things can be done over a term of five years with proper planning. And wisely he emphasises that they must be done.

* * *

One Third of Incomes Spent by Governments

A MAY Commission for Canada is a recommendation The Financial Post and Maclean's Magazine have urged during the past two years. Now a similar recommendation comes from a special committee

(Continued on page 2, col. 3)

Automotive Industries Not Likely to Get Aid Following Tariff Probe

Yet Ottawa Expected to Cut Duties on Machinery Raw Materials — These Now Run Up to 47 Per Cent

NO INDIRECT PROTECTION PLANNED ON CARS

From Our Own Correspondent

OTTAWA:—With the public hearings on the automobile and parts tariff completed, the Tariff Board is studying all phases of the industry in preparation for its recommendation to Hon. Charles A. Dunning, minister of finance.

The board will dispose of this case in time for its findings to be dealt with by Mr. Dunning in this year's budget—possibly ten weeks distant.

While it is impossible to anticipate or forecast the recommendations of the Tariff Board, some essential points with regard to the tariff appear to be clear.

There are really four distinct interests with a very large stake in the automotive industry:

The consumers—the buyers and users of cars.
The motor manufacturers.
The makers of parts.
The dealers who act as middlemen between the manufacturer and the buyer.

The case is unique in two respects. First, there were no complaints of a public character with respect to the former tariff either on motor cars or on parts. The Bennett Government referred the tariff items involved to the Tariff Board on its own initiative.

Possibly the old government thought the automobile tariff might become a political issue in the campaign and took this step to forestall criticism. This, of course, is pure conjecture.

Second, the new government by the U. S. trade agreement reduced the tariff while the investigation was pending.

The reductions, brought about by the trade agreement, were substantial and completely altered the tariff picture.

Two-fold Reductions

These reductions were two-fold. The rate on cars worth $1,200 or less dropped from 20 per cent to 17½ per cent.

On cars between $1,200 and $2,100 the rate dropped from 30 per cent to 22½ per cent. On higher priced cars the drop was from 40 per cent to 30 per cent.

But there was an additional cut in protection on all cars inasmuch as the order-in-council restricting manufacturers' discounts on imported cars to 20 per cent was repealed.

The discounts current in the U. S. are from 20 to 25 per cent so that on some models the loss was five per cent.

On the low-priced cars, the five per cent excise tax had been used for protective purposes, applying only to imported cars. This, too, was discontinued, although the ordinary primage duty of three per cent applied in its stead. The actual cut on low-priced cars — ignoring discount controls—was from 25 per cent to 20½ per cent.

Seek Former Protection

Thus shorn of protection, the automobile manufacturers revised their case and appeared before the Tariff Board in December determined to regain the lost protection. They sought restoration of all the tariff reductions made by the trade agreement.

The parts manufacturers were even harder hit by the agreement than were the car makers. Numerous items in the tariff cover their products but the cut was from 35 per cent to as low as 20 per cent. They, too, asked the board for a recommendation which would restore their protection.

Probabilities

Judging by the general attitude of the Tariff Board throughout the hearings as well as by the opinion prevailing in cabinet circles, it is

(Continued on page 2, col. 1)

Windsor Plan Gets Nowhere In Conference

Bondholders Oppose Permanent Loss of Capital

UP TO ONTARIO

Conferences of creditors of Windsor with representatives of the defaulting city have emphasized a clear-cut difference of opinion on the plan to refinance the municipality's debts.

The Windsor Finance Commission appointed by the Ontario government has stuck by its scheme to cut $13.4 millions of the debt of $40.2 millions of the four constituent Windsor municipalities.

The creditor stand has been that it would be unfair to enforce any long-term debt adjustment, and particularly large reductions of principal, on the basis of present depressed conditions.

At this point an impasse has been reached.

Bondholders' Views

The Financial Post understands that representatives of bondholders would be content to leave the Windsor municipalities under provincial supervision for some time, if interest on the full debt were paid. Reduced rates of interest on the full debt would be acceptable pending a final settlement.

Suspension of a final debt settlement is suggested by bondholders as preferable to any scheme that contemplates permanent loss of capital. The basis for this opinion is that economic conditions may improve, that Windsor may recover its capacity to pay, and that this would allow creditors to recover their investment.

The Ontario Department of Municipal Affairs is apparently acquainted with the character of the proposed scheme. Representatives of the Windsor Finance Commission and of the Guaranty Trust Co. of Windsor, the city's fiscal agent, have had lengthy conferences recently

(Continued on page 2 col. 5)

Beauharnois

Rumors That Montreal Power Contract Cancelled Officially Denied — Financial Liability Clear

From Our Own Correspondent

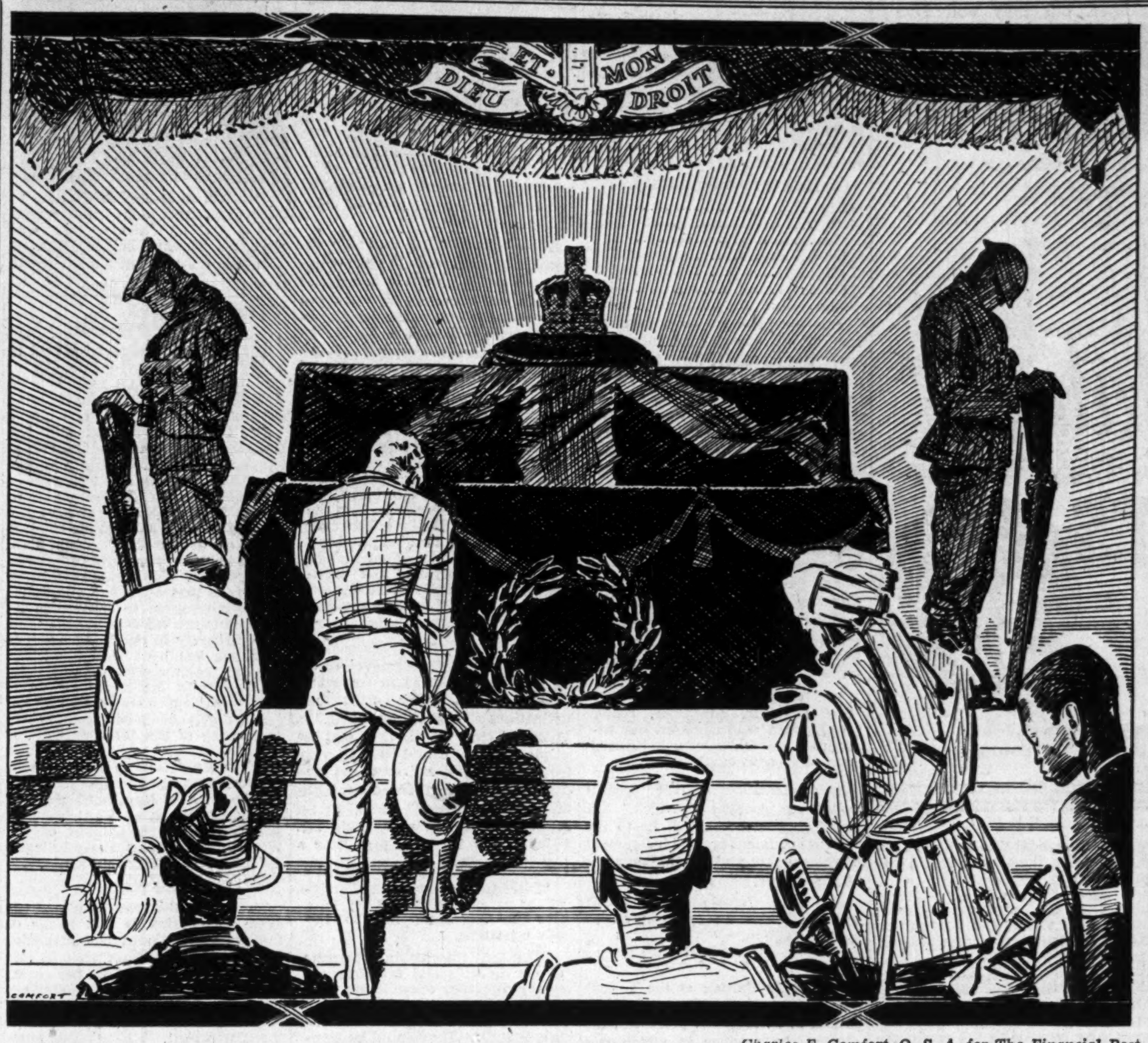
MONTREAL.—Reports that Montreal Light, Heat & Power Cons. might cancel its contract to buy power from Beauharnois are denied by officials of both companies. The reports were based on the claim that cancellation of the Beauharnois contract by the Ontario Hydro gives Montreal Power the right to cancel.

Montreal Power's contract with Beauharnois, covering eventual delivery of 150,000 h.p., with a call on a further 50,000 h.p., is not in any way influenced by the action of Ontario Hydro. However, there is a tie-up on price. Beauharnois has guaranteed that Montreal Power will receive price concessions that are made to Ontario Hydro. Thus, if Beauharnois had made a new agreement at a lower price with Hydro, the new price would also apply to Montreal Power.

Power's Liability Limited

Interest in the relations between Montreal Power and Beauharnois is directed in another direction, namely, the financial responsibility of the former to the latter. Under the terms of the 1932 organization Montreal Power underwrote $13.5 millions of Beauharnois Light, Heat & Power Co.'s first mortgage bonds. At the end of 1934 this amount had been reduced to $6,584,270. It is officially stated that Montreal Power is not obligated to take up the balance of these bonds unless the proceeds are used for capital expenditures. Inasmuch as all works on capital account have been suspended, Montreal Power is not obligated to take up any more of the bonds for the time being.

The future of Beauharnois is still obscure. Without the Hydro business and little prospect of a market being found for the surplus power, the company will not be in a position to meet its obligations on the bonded debt when they become due. Consequently a further reorganization is in prospect. At the same time Montreal Power is keenly interested in retaining control of the property because of its value now and in the future. With its heavy financial stake in Beauharnois, Montreal Power may do something to help the company out of its difficulties, but such help is not likely to extend beyond keeping the first mortgage bonds in good standing. As far as can be learned, no decision has been reached, but something definite will be announced when the Beauharnois annual report makes its appearance some time early in February.



—Charles F. Comfort, O. S. A. for The Financial Post.

"... . so did the respect of the people turn into reverence, and reverence into love."—Rt. Hon. Stanley Baldwin, Prime Minister of England.

Highlights

Company Investment

Government bonds are still in favor for investment of corporation funds. A discussion of common and preferred stocks, as contrasted with bonds for the portfolio of business firms. Page 24

Bid and Asked

Quotations on unlisted stocks are often misleading. How they are created, and what they should mean. Page 13

Coast Chieftain

H. R. MacMillan is one of British Columbia's foremost men of commerce, in fisheries, lumbering, and in navigation. The record of a man who has overcome grave obstacles. Page 13

Consolidated Smelters

Earnings of Smelters jumped sharply in 1935, leading to big expectations for 1936. Ultimately the peak records of 1926 may be exceeded. Page 22

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Simpsons Ltd. Earnings Down

Sales Soar in December But Results Spotty For Whole Year

LIQUIDS GAIN

Simpsons Ltd., annual statement for 1935, it is understood, will show all payments of interest and dividends fully covered by net earnings after depreciation and the usual bond retirements. The year ended with the company experiencing the best December sales since 1930 in total dollar value. C. L. Burton, president, in a Christmas broadcast stated that the month showed the largest number of transactions in the history of the store and the largest dollar outlay for wages in five years.

It was a spotty year, however, for departmental stores. It is altogether likely that a severe falling-off in the first four months of 1935 will prove to have been greater than the falling off for the year as a whole. The company paid increased wages for the full year to employees and taxes continued to grow. In the previous year Mr. Burton stated that taxes of all kinds, including customs duties, amounted to as much as 42 cents to every dollar that went into a pay envelope. It is believed that the accounts will show still further levies in 1936.

The company had net profits of $707,923 in 1934 for 52 weeks and it is likely to have less in 1935 for 53 weeks. As years are one day longer than 52 weeks and in leap-years two days more, it becomes necessary for the company occasionally to have a 53-week year. This is one of them.

However, the company only paid $225,000 in 1934 at the rate of $4 a share for two quarters to holders of 112,500 shares of 6½ per cent preferred stock of $100 par value. In 1935 it paid for four quarters a total of $450,000, or twice the amount. It has therefore been a better year for Simpsons preferred shareholders.

Depreciation reserve, which slightly exceeded $3 millions at the end of 1934 will have been increased to $3.6 millions in 1936. This has been all built up since 1929. Probably another $300,000 has been used for retiring bonds.

Cash is Higher

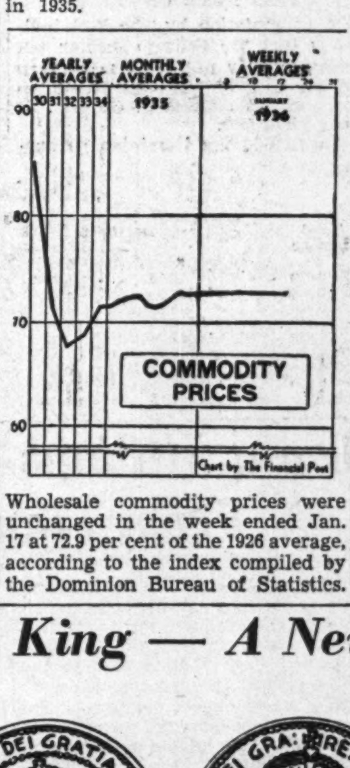
Cash, receivables and inventories will be up a little as compared with a year earlier. In all comparable current items it is understood that the position is better than a year ago. Collections, it is understood, have been excellent.

The company's officers expect more orderly progress in 1936 than in 1935.

Goodyear Tire Gains by Treaty

Goodyear Tire & Rubber Co. of Canada will benefit substantially by rearrangement of tariffs between Canada and Brazil under the recently completed trade treaty. Reduction of Brazil's duty on rubbers and tires by 25 per cent may mean an addition of $500,000 to the Goodyear export business, it is understood.

Canadian rubber companies as a group are also expected to obtain increases in business with Brazil as a result of the treaty.



Wholesale commodity prices were unchanged in the week ended Jan. 17 at 72.9 per cent of the 1926 average, according to the index compiled by the Dominion Bureau of Statistics.

Asbestos Corp. Shows Big Gain

Net Earnings at $500,000, Against $169,644, Are Expected

STRENGTHEN FINANCES

From Our Own Correspondent

MONTREAL. — Asbestos Corp.'s net earnings for 1935 are estimated to be in the neighborhood of $500,000 compared with $169,644 in the preceding twelve months period.

On this basis the company's annual statement is expected to show that bond interest on the entire funded debt was covered by a wide margin, after making provision for depreciation, depletion and sinking fund on the underlying bonds.

The demand for asbestos has undergone a marked change for the better in the last 24 months. At the same time the management has reduced operating costs

Finances Are Stronger

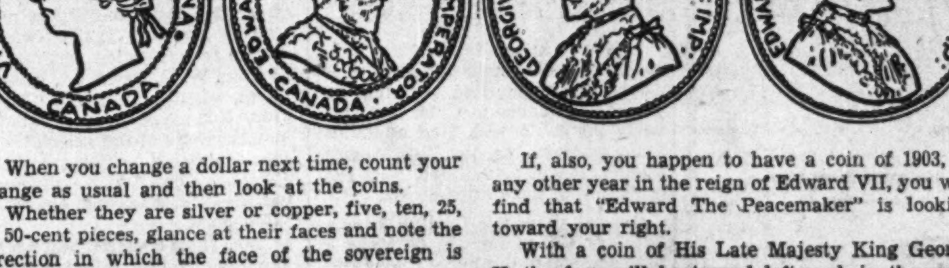
Bank loans, which stood at $500,000 at the beginning of 1932, and $75,000 at the end of 1934, were wiped out during the past year.

Underlying bonded debt has been reduced from $742,379 in 1932 to $658,679 in 1934. Through operation of sinking funds a further block was reduced during the past year and provision made for the retirement of all outstanding first mortgage bonds of the Asbestos Corp. of Canada, a subsidiary. This redemption will not be reflected in the 1935 statement as it did not take place until 1936.

Under the reorganization plan, the company is obligated to set up a sinking fund of $250,000 annually for the retirement of the general mortgage bonds. By the end of last year this fund was in arrears to the extent of $750,000. In addition there are the accumulated arrears of interest on the general mortgage bonds which must be paid off before any distribution can be made to the holders of the common stock.

Meanwhile it is learned from a reliable source that over the past year and a half nearly one-half of the general mortgage bonds and common stock have been taken up by English investors.

A New King — A New Coin



When you change a dollar next time, count your change as usual and then look at the coins.

Whether they are silver or copper, five, ten, 25, or 50-cent pieces, glance at their faces and note the direction in which the face of the sovereign is turned.

You may, for example, find yourself with a coin of 1897, bearing the effigy of Queen Victoria, and as you hold the coin in the palm of your hand, the queen will invariably be facing toward your left.

If, also, you happen to have a coin of 1903, or any other year in the reign of Edward VII, you will find that "Edward The Peacemaker" is looking toward your right.

With a coin of His Late Majesty King George V, the face will be turned leftward, in the same direction as that of Queen Victoria.

And the face of His Majesty King Edward VIII will be turned to your right as you hold one of the new coins, yet to be minted, in your hand.

See Duty Cut Key Products New Budget

Gasoline, Car and Silk Duties May be Lowered

GAS IMPOST 1c?

Changes in Intermediate Rates May Be in Upward Direction, Observers Believe

From Our Own Correspondent

OTTAWA.—Despite efforts on the part of the ministry to delay important tariff revision until after the Ottawa treaties have been renewed, circumstances are combining to compel a large number of changes in customs duties in this session's budget.

Three major industries are likely to be affected. They are:

1. Cotton and artificial silk.
2. Refining.
3. Automobile and parts.

The tariff modifications in these schedules, it is believed, will all be downward although the cuts will not be unduly severe.

Artificial Silk

One exception to this generalization is the artificial silk schedule where Tariff Board hearings have disclosed a condition in half the industry which garment makers and other users of art silk yarns and fabrics find very irksome.

The other half of the industry has escaped major criticism and the question to be decided is the extent to which the government can move against the one without seriously injuring the other.

Slash in Gas Duty

On gasoline, the present tariff of 2¼ cents per gallon is bound to be reduced. The reduction, it is understood, will be to 1 cent per gallon and with the reduction there will be a complete change in the tariff structure.

The present system of testing the quality of gasoline for duty purposes will probably be abolished and the Baume or other tests adopted.

The changes in the cotton schedules will be restricted to the items covered by the British application and are likely to be very modest.

Intermediate Rates

A fact which cannot be confirmed in official circles but which, nevertheless may be relied upon as being true, is that a number of items in the intermediate tariff are to be increased.

Apparently this can be done without evoking criticism at Washington.

When the King government agreed to extend the intermediate tariff to the U. S. the authorities at Washington were informed that some increases in these rates would be unavoidable.

Washington, it is believed, agreed to this and, in order to guard against disappointment, took advantage of Canada's offer to bind (by the agreement) the particular intermediate rates of major importance to U. S. exporters.

Potatoes Involved

The type of change to be made will concern such items as potatoes which were dutiable at 75 cents per cwt., under the general tariff but which enter free under the intermediate.

Another example is cut flowers which were dutiable at 40 per cent but which are now free. Reasonable protection on both items is likely to be granted in the budget.

Furniture in Doubt

The furniture tariff is in some doubt. The Tariff Board has yet to fix the date for public hearings and may not finish the inquiry in time for action this budget. In any event there is a strong antagonism in government circles to increased protection on furniture.

Oil Officials in Doubt

Oil company officers say companies are still compiling information for the Tariff Board and therefore they suppose it has not yet made its recommendations to the government.

Until such time as the report is made they do not want to comment. If such a reduction were made, they state it would be very serious for the refining industry in Canada but they express doubt that such a drop in duties is intended.

Good Showing For Business

Seasonal declines are seen in most December business indices though in comparison with corresponding figures for 1934 the majority of groups show increases which range from two to 68 per cent.

Weekly figures show cattle and hog sales substantially higher than the previous week and the same period last year.

		—Change— From prev. period	From prev. year
Monthly:	Dec.	%	%
Bldg. permits	$2,390,014	—28	— 5
Imports	38,569,182	—31	— 1
Exports	68,419,223	—18	+11
Newspr. prod., tons	244,732	— 6	+ 2
Pig iron prod., tons	70,647	+ 9	+66
Steel ingot prod., tons	98,868	+ 5	+68
Plank & board exp. m. ft.	111,523	— 8	+13
Crude petrol. imp., gal.	55,839,590	—59	+17
Raw rubber imp., lb.	5,745,825	—41	—10
Cotton imp., lb.	22,186,866	+60	+18
Weekly:			
Car loadings, No.	40,221	+17	— 1
Cattle sales, No.	19,347	+27	+37
Hog sales, No.	25,044	+49	+23

Start the Business Day Right!

Feel Fit . . . Look Fit . . .

in a Birkdale Suit!

Not only are Birkdale suits distinctive in appearance, but they will give months of satisfactory wear! Fashioned and tailored in the up-to-date styles. Many smart all wool tweeds, worsteds and serges from which to choose. Sizes 35 to 46. (These suits may be purchased on Eaton's Budget Plan if you wish).

THE T. EATON CO LIMITED

The Nation's Business

(Continued from page 1)

on taxation of the Montreal Board of Trade. It urges:

"An investigation of public finance by a Royal Commission to determine the nature, form and scope of measures necessary to avoid disintegration of the country's financial structure."

* * *

THAT the country's financial structure is endangered is made rather clear by the figures compiled by the committee. These show that in 1934, 33 per cent of the national income was spent by governments in Canada. This is the highest figure on record and represents more than twice the percentage of 1928.

Comparative figures are as follows:

1928	14.7
1929	16.5
1930	18.0
1931	22.6
1932	31.2
1933	31.7
1934	33.0

How long can we go on wasting our national substance in this manner? The Financial Post feels that it cannot be for much longer without grave trouble. But the general public is not fully aware of the dangerous implications of the situation. A Royal commission of enquiry would serve at least one useful purpose; of getting the burden of taxation into the headlines.

* * *

OUR heavy burden of taxation is already hampering our national development. It is strangling the incentive of constructive builders, as James Y. Murdoch, K.C., said in his retiring address as president of the Board of Trade of Toronto. Said Mr. Murdoch:

"It is the so-called rich man or the energetic, ambitious, rising young man who develops our resources or creates new industries and thus new employment."

A continuation of the present policy of "soaking the rich," Mr. Murdoch contended, will be to the serious detriment of the development of the country and the employment of the people.

All over Canada our national business leaders are speaking out in similar fashion.

* * *

DOWN in Halifax at the annual meeting of the Bank of Nova Scotia, J. A. McLeod, president, indicated the manner in which our heavy burden of taxation rests upon our export industries, preventing the country from gaining the full benefit of revival. He made it clear that further economies can be achieved in the cost of government, particularly by joint Dominion-provincial action to eliminate overlapping.

The general manager, Harry F. Patterson, declared that "easy money" is only one factor in recovery. There must be confidence and a revival of export trade. How can either be restored while wasteful governmental costs and confiscatory debt policies weight down enterprise and investments?

* * *

Why Should We Pay Our Debts?

AT DIFFERENT annual meetings constructive attention is being paid to the problem of repudiation and threatened repudiation of debts in Canada.

A straight-forward plea for retoration of confidence in debt obligations and the need for permitting debtors and creditors to work out their problems with less legislative interference was made by A. N. Mitchell, general manager of the Canada Life. He said:

"It is not inability to pay that we are most concerned about. It is unwillingness—a horse of another color. The credit of public bodies is easily injured and we as citizens should exercise every persuasive power we have to encourage our governments to preserve it to the fullest extent. Business can only be built up on confidence. Confidence is the belief of one man in the word of another and confidence in our public institutions is based on a belief in their uprightness and stability.

* * *

URGING that the removal of restrictive legislation in respect of mortgage and other contractual obligations was greatly overdue, Mr. Mitchell expressed his view that the whole situation would clear up very rapidly if individual creditors and debtors could be cut free from legislative interference. These things cannot be done in a day said Mr. Mitchell and we must give time a chance to cure.

"Disregard for contractual obligations is certainly playing with fire and may easily lead to chaotic conditons.

"The vast interlocking interests of our debtors and creditors resemble the huge ocean liners. You all know that it takes considerable time to get these huge fabrications into reverse. They could be stopped more quickly if one could throw the machinery immediately into full speed astern but the machinery would undoubtedly be destroyed if it were tried."

Bank of Toronto Director

D. A. MacASKILL
General manager of the International Nickel Co. of Canada, who was elected a director of the Bank of Toronto at the recent annual meeting.

WINDSOR PLAN GETS NOWHERE IN CONFERENCE

(Continued from page 1)

with Hon. David Croll, Ontario Minister of Municipal Affairs.

Mr. Croll's department and the Ontario legislature are ultimately responsible for arranging a municipal debt settlement of this sort.

Under present Ontario legislation, it would not be easy to enforce the Windsor scheme without the consent of the bondholders' committee, which holds proxies for large blocks of securities. The committee, however, feels that deposit of additional bonds is essential to strengthen its position in the Windsor negotiations. One difficulty in obtaining deposits of bonds has been that municipal sinking funds cannot deposit their holdings with the committee without by-law authority to do so.

In order to coerce bondholders into acceptance of the Windsor plan, it would probably be necessary for the Ontario legislature to alter present statutes governing municipal debt settlements. At least until the Ontario Department of Municipal Affairs expresses its opinion of the Windsor proposals, changes in legislation are considered unlikely.

Windsor Proposals

The proposal of the Windsor Finance Commission is that bonds of the city's constituent municipalities be written down; Sandwich, 65 per cent; East Windsor, 50 per cent; Windsor, 25 per cent; and Walkerville, 10 per cent. It is proposed to refinance the remaining debt at three per cent. Walkerville, however, after five years, would pay 3½ per cent under the scheme.

Press comments on the Windsor scheme, most of which are adverse to the proposals, appear on page 13.

Better Grade of Furniture Is In Demand

Canadian Exhibitions Reveal Sustained Interest in Maple

FEAR U. S. IMPORTS

Sales Meet With Earlier Expectations of Toronto, Montreal and Other Observers

Enquiry for better suites, a swing toward modern style in bedroom and in living room designs, sustained interest in maple furniture so popular throughout 1935, and sales equal to expectations, are highlights of the recent furniture trade exhibitions in Toronto, Montreal, Stratford, and Kitchener.

A feeling of renewed confidence and quiet optimism is evident among makers of upholstered lines and of maple furniture.

For factories specializing in dining room suites, bedroom furniture and radio cabinets, the outlook is clouded by the threat of renewed importations from the United States under recently announced reductions in duties.

Prices Show Little Change

Little change in prices is noted following the more or less general increase a few months ago resulting from a stiffening of material costs. With better demand for maple furniture, however, some makers are on a production basis and able to pass on some manufacturing savings to dealers. The same is true in some upholstered lines, but in the main the price level is practically unchanged.

Curly mohairs and fancy mohairs are prominent in upholstered lines. Maple furniture, in vogue last year for bedroom, dining room, breakfast nook and den, is now in evidence for the living room.

In the bedroom there is a persistent trend toward modern designs. A wide variety of veneers is used and pleasing effects are produced. Less change is noted in the dining room offerings, where suites of correct period design retain their popularity. There is color for the kitchen.

The National Show

In the National Furniture Exhibition, Toronto staged a notable furniture show. The 1936 National Furniture Exhibition, was, however, not wholly representative of the industry, for a number of the larger manufacturers were not included.

Fifty firms, including operators from Toronto, Owen Sound, Kincardine, Hanover, Hespeler, Listowel, Strathroy, Elora, Wingham, and other Ontario centres, as well as a few from Quebec Province, took part.

A Toronto furniture show was formerly held 12 or 14 years ago. Difficulties developed, however, in that at the close of the exhibition as an alternative to repacking their furniture a number of manufacturers disposed of their exhibits to local dealers at substantial discounts, thus disrupting the business for several months.

In Montreal, between sixty-five and seventy manufacturers took part. Smaller numbers, but quite important units in the industry, remained in Stratford and in Kitchener, where they have been exhibiting in their own showrooms for years. However, comments at the Coliseum in Toronto indicate that the "National" will be an annual undertaking, increasing in importance from year to year and a forward step in furniture merchandising in Canada.

The industry itself is an important one, with 7,500 families dependent on it for support. Recent years have been difficult for management and for workers alike.

Production dropped 65 per cent from 1929 to 1933, creating a serious situation for the manufacturer with his heavy plant investment, and short hours and lower wages for the men.

Of late with a general improvement in business in sight, the major part of the industry, in co-operation with the Ontario government, have been working under a code that assures a measure of stabilization and better wages for the men. Were it not for the threat of American importations, the outlook for the factories generally would be rather encouraging.

Fear U. S. Competition

Already some Canadian radio manufacturers are placing orders for their 1936 cabinets across the line, following recent tariff changes, and they intimate that the bulk of their requirements will come from the United States. Important buyers of furniture state that a substantial part of their purchases will be made in the American market.

Whether corrective measures can be considered is the question uppermost in the minds of the manufacturers affected. The problem of outside competition is the one big cloud overhanging the industry.

Other than the question of duties, the outlook is improved.

AUTOMOTIVE INDUSTRIES NOT LIKELY TO GET AID FROM INCREASED TARIFF

(Continued from page 1)

reasonably certain that the Dunning budget will reveal two things:

1. Excise taxes or other similarly indirect means of granting protection will not be employed. All protection will take the form of straight tariff enactment.

2. Increases in tariff above the present level, fixed by the trade agreement, will not be forthcoming. The automobile and parts industries, it appears, now possess the maximum protection which the present government will give.

Tariff on Materials

This, however, does not mean that these industries will not obtain some relief from the situation created by the agreement. The investigation disclosed that both the automobile and parts manufacturers are heavily penalized by excessive tariffs on machinery and raw materials of a kind not made or produced in this country. These tariffs run as high as 47 per cent.

A substantial measure of relief, therefore, can be given both industries by lowering tariffs on machinery and raw materials. This, it is believed, will be done.

Delivery Charge

A number of matters were brought out which required explanation and which tended to overshadow some of the more important points in the representations of the industries.

For example, the evidence revealed that the advertised price of cars in Canada f.o.b., factory was not the price at which the public can buy.

If a purchaser went to a car factory and said that he noted an advertisement to the effect that such and such a model was to be had for a given price, the answer would surprise him.

It appears there is a "delivery" charge of $20 or more. As was pointed out during the board's sessions, this "delivery" charge is hocus pocus.

It enables the manufacturers to show a smaller spread between U. S. and Canadian prices. Apparently constant criticism on this count is a very sore point with the producers.

Used Car Prices

Again, the largest item in the spread between U. S. and Canadian prices is the very generous allowance made to the dealers. This, in turn, is passed along, to some extent, by the dealers in allowing high values for turned in cars. The idea, apparently, is to maintain as high a price level as possible on second hand cars.

The board seemed unable to grasp the wisdom of this practice.

Prices May Be Lower

It is notable, in this connection, that the tariff item prohibiting importation of used cars still stands. It is plain that the future of this item is causing acute concern to the trade. Its repeal or drastic modification would upset entirely the second-hand car market.

The motor car buyer, it seems, can be certain that nothing will be done in the budget to increase the price of cars. Whatever is done will be calculated to lower prices.

The manufacturer can rely upon receiving assistance through the lowering of tariff on his machinery and raw materials as well as on parts not made in Canada. The parts manufacturers will receive similar treatment. With them, the raw material item will be of chief importance.

Dominion Swallows Lion's Share Before Ontario Levies Income Tax

Estimates of $10 Millions Net Revenue Now Termed Wild Guesses—Near Four Millions

Ontario's gross revenue from its personal income tax will be considerably less than $10 millions, it is understood.

The government has made no official forecast of what net revenue it expects to obtain from the tax. This will come out in the budget speech of the provincial treasurer.

It appears improbable that the tax will yield Ontario more than $4 millions net, after reimbursements to municipalities for relinquishing their income taxes, according to The Financial Post's calculations.

The income tax will only go a minor part of the way toward solving the deficit problem.

Calculations based on the recent release of the Ontario tax schedule upset previous press reports that Ontario might get $10 millions net from the new levy. These are now termed "wild guesses."

Yield About One-Third

A computation by The Post indicates that the Ontario income tax will probably not yield more than 40 per cent of what the Dominion government collects in Ontario. It may yield less.

In 1933-34 the Dominion government collected $14.2 millions from Ontario citizens in personal income tax.

Due to increased rates of taxation and higher incomes, the Dominion income tax revenue has risen in the past two years.

An outside estimate of the probable collections of the Dominion in Ontario this year, however, would be $18 millions. If Ontario collects 40 per cent of the amount obtained by the Dominion, the province's gross revenue would be $7.2 millions. For this rebates are to be made to municipalities. This may take over $3 millions.

Comparison of Rates

Although basic income tax rates in Ontario are to be half the Dominion rates, they will not produce half the revenue. One reason is that the federal tax is deducted from taxable income before calculating the Ontario levy. Also, because of the high tax rates and surtaxes of the Dominion, Ontario cannot impose surtax without leaving the taxpayer bare as a plucked hen. Ontario has not yet made provision for deduction of municipal business tax assessment from the provincial income tax assessment. When municipalities were levying their own income taxes, they allowed taxpayers to deduct business tax assessment from taxable income. Since the province is expected to make some adjustment on this point by amending the Municipal Act, it is another avenue by which revenue from the income tax may be reduced.

Dominion's Big Slice

Provincial officials feel that the Dominion government has already taken such a large slice of personal incomes that this source of tax revenue is running dry. The view is expressed that the Dominion, in fairness to the provinces, should relax its high tax schedule and allow the provinces greater income tax revenue.

On the highest income brackets, the Dominion exacts over 60 per cent of the taxpayer's income. The Ontario levy is on the remainder of the income and brings the maximum combined tax above 70 per cent of the income.

Comparative computations from incomes ranging from $3,000 to $1 million are as follows:

Dominion and Ontario Income Taxation

(Calculated for married taxpayer, no dependents, all investment income above $5,000 per annum)

Total Income	Dominion Tax		Residue of Income	Ontario Tax		Total Tax		Residue of Income
$	$	%	$	$	%	$	%	$
3,000	30.00	1.00	2,970.00	14.55	0.48	44.55	1.48	2,955.45
5,000	120.00	2.40	4,880.00	57.00	1.14	177.00	3.54	4,823.00
10,000	651.00	6.51	9,349.00	227.45	2.27	878.45	8.78	9,121.55
25,000	3,664.50	14.66	21,335.50	1,176.85	4.70	4,841.35	19.36	20,158.65
50,000	11,697.00	23.39	38,303.00	3,219.39	6.44	14,916.30	29.83	35,083.61
100,000	32,277.00	32.28	67,723.00	7,440.68	7.44	39,717.68	39.72	60,282.32
200,000	86,310.00	43.15	113,690.00	16,538.00	8.27	102,848.00	51.42	97,152.00
500,000	278,722.50	55.74	221,277.50	39,258.82	7.85	317,981.32	63.59	182,018.68
1,000,000	626,201.50	62.62	374,798.50	77,171.64	7.72	703,373.14	70.34	297,626.86

Want Millions Restored From Liquor Taxes Paid

Sixty million dollars are involved eventually in a suit against the Dominion Government for restitution of taxes of $9 a gallon paid on liquor exported from 1923 to 1926 to the United States. Such shipments were made under export clearances and the Dominion Government collected $9 a gallon in sales and excise tax on liquor exported. Dominion Distillery Products claims that this tax was illegally collected, and if it is successful in its $1.5 millions suit restitution will be sought by other companies.

This was in the time of the Volstead Act and before the Dominion Government cancelled the right to export clearances to Cuba and faraway ports. It was then apparent that, as soon as the liquor was cleared, it was actually run into the dry areas of the United States.

Several years ago Carling Export Brewery Co. of London obtained a judgment from the Privy Council to the effect that the Dominion did not have power to collect taxes on exported liquor. Justice Department officials will argue before the Exchequer Court this week that the cases are not parallel. Carling exported its own beer while Dominion Distillery Products bought its liquor from Hiram Walker distillery at Walkerville.

Financing is Proposed For Home Renovation

HAMILTON. — Regretting that until now the government has shown no inclination toward assisting nation-wide home rehabilitation and renovation, W. H. Yates, Jr., president of the Canadian Construction Association, called on members of the association to form a "Construction Finance Corp.," in his address at the C. C. A. annual convention here.

Mr. Yates declared that such an organization might secure the co-operation of the banks in advancing funds on notes, properly secured, for repairs and alterations to properties.

Shaft at Flin Flon Gold Is Down to 360-ft. Level

From Our Own Correspondent

WINNIPEG.—Drifting is now in progress on both the 225-ft. and the 325-ft. levels of Flin Flon Gold Mining Syndicate Ltd. property three miles west of Flin Flon. The shaft is completed to 360 ft. in depth. On the 325-ft. level 174 ft. of drifting has been done, 64 ft. south of the shaft and 110 ft. north. In the south drift 40 ft. of ore has been opened up averaging $14 in gold across 4½ ft. with the face running better than $18 for the same width. On the 225-ft. level drifting of 85 ft. is all in ore averaging about $30 per ton across width from 31 to 35 inches. Both faces on this level are still in ore of the same grade and width.

The company plans to do about 400 ft. of drifting both north and south on the two lower levels as speedily as possible in order to make plans for milling and other developments.

Silver Prices

Trading in Montreal
Jan. 13 to Jan. 18

	High	Low	Close	Contracts
Jan.	43.15	43.15	42.50	8
Mar.	46.30	43.00	42.50	48
May	45.90	42.10	42.40	61
July	46.50	42.20	42.40	5
Sept.	46.50	43.01	42.40	2

Agnew Surpass Pays 20 Cents on Common

Agnew Surpass Shoe Stores Ltd. has declared the semi-annual dividend of 20 cents a share on its common stock for the six months ended Nov. 30 last. The dividend is payable March 2 to shareholders of record Feb. 15. The regular quarterly preference dividend of $1.75 per share has also been declared, payable April 1 to shareholders of record March 16.

Metal Prices

New York—Jan. 20—
Copper: Electrolytic spot and future, $9.25.
Silver: 44¾c.
London—Jan. 20—
(Long Ton)—
Copper: Electrolytic spot, £33 10s; future, ... Standard spot, £34 10s; future, £34 17s 6d.
Tin: Spot, £209 15s; future, £201 15s.
Lead: Spot, £14 18s 9d; future, £15 1s 3d.
Zinc: Spot, £14 6s 3d; future, £14 11s 3d.
Gold: 140s 10½d.
Silver: 19 1/16d.
Canada—Jan. 20—
Gold: $34.85.

Investment Trusts

	Bid	Asked
Can. Int. Trustee Shs.......	5.12	5.62
Grouped Income Shares	5.26	5.75
Canada Amer. Trust	3.70	3.80
Can. Equity Shs.	12.00	...

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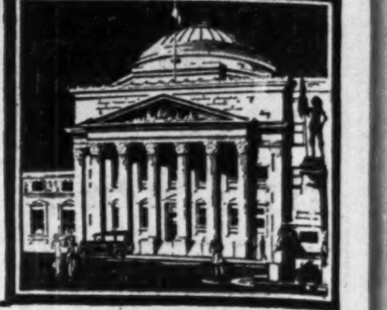

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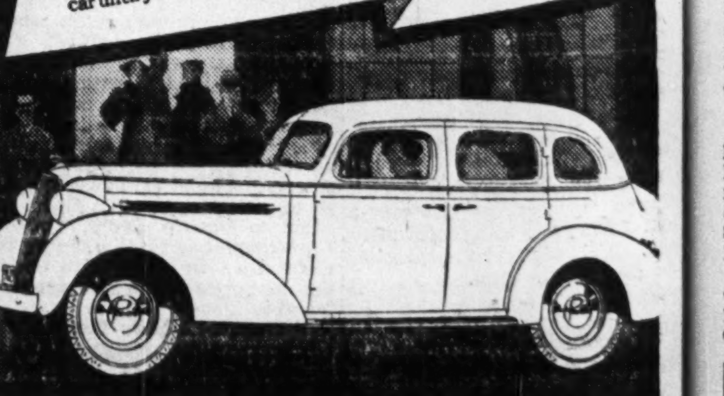

The Studebaker Corporation of Canada, Limited

Key to C.N.R. Future Is Personnel at Head

Ex-Director Thinks Form of Control Less Important than Management

Personnel is what counts on the Canadian National Railways. Given a strong Minister of Transportation at Ottawa and a strong chief executive for the railway, the C. N. R. can be well run, no matter what form of ultimate control is framed by Parliament.

This is the view of a leading citizen of Toronto, a former director of the Canadian National Railways.

The Financial Post asked the various men who occupied positions on the old C. N. R. directorate—abolished when the trustee board was appointed—for their views as to the best manner of ensuring effective and forward-looking control of the publicly owned railway. Many ex-directors declined to comment while other held their views in reserve pending more definite announcements in Parliament by Hon. C. D. Howe as to the scheme of control that is to succeed the trustee board. Opinions of a number of directors have been published in The Financial Post in recent weeks.

Makes Little Difference

The Toronto ex-director referred to says:

"Should the present trustee plan be retained, or the old directorate plan or some other plan be adopted? The answer is that it does not make much difference.

"The evils which the trustee plan sought to remedy were political pressure and local pressure, due to a large geographically selected directorate. If the Canadian National Railways were paying its way so that it did not have to go annually to Parliament with its hat in its hand, praying for relief to meet budget and deficit requirements, the idea of a trustee board, responsible only to Parliament, might be effective. Even in that case a great deal would depend upon the personnel of the trustee board and of the chief executive.

"But where there exists ever recurring question of financing, of certain deficits, of improvements and changes involving heavy expenditures, the executive of the railway must keep in close touch with the minister (whether he be Liberal or Conservative or Progressive) who explains their case to Parliament. Not only that, they must sit up and pay attention when he or his colleagues, or even the rank and file of his party, want something done, even if it is obviously not in the interests of the railway. The alternative is equally obvious. They refuse or neglect at their peril—at the peril of personal dislike, at the peril of their working days being numbered, at the peril of the utter failure of the improvements which they may have in mind.

Cannot Explain

"Furthermore, they must not talk. They must not tell even their own staff, and certainly not the papers or the public, their reasons for doing those things which they know they ought not to do, or for failing to do those things they know they should do. This is what faces the chief executive and what faces the trustee board and what would face, in a lesser way, the larger directorate. I say a lesser way, for this reason; the chief executive cannot afford to tell a large directorate, even though all are friendly to the political party in office, the exact reason for what he proposes. He will tell a few of them in private—never in the board room.

Interests Antagonistic

"I need not tell you that the interests of the political party and the interests of the railway not only seldom coincide but are usually antagonistic. There are tie contracts to be farmed out to needy political henchmen (contracts which must not fall into non-party hands); things to be done which the railway could do more cheaply, but that must be hired out; appointments to be made of inefficient dubs whose importunity worries someone in power; abandonments to be made which would jeopardize someone's seat; labor demands which may have to be resisted to the limit. But labor votes in mass.

"I never liked Sir Adam Beck but I take off my hat to him for his efficient methods. He gathered behind him a galaxy of admiring municipal bodies which did not realize that his radial plan would have ruined them, and he enlisted the power of the press. That was an unbeatable organization for a time. The political people were actually afraid of him, afraid of what might happen to them if they did not trail along.

Intelligent Opinion

"The ultimate remedy for the railway question is an intelligent and informed press behind a strong minister. Not a party press, of course. That is worse than useless, but an independent press, such as yours. And not a party minister but one strong enough to separate the railway interests from those of his party, and who will support an honest chief executive who in turn is not afraid.

"Personnel is, after all, what counts. The difficulty is to find a strong minister and a strong executive."

Footnotes to Ottawa

Tariff Troubles Grow

Fear Influx of U. S. Potatoes — New Relief Body — Quebec Political Shake-up Now Forecast

From Our Own Correspondent

OTTAWA.—Complaints regarding the U. S. agreement are not coming entirely from manufacturers. The fruit and vegetable growers of British Columbia and Ontario are very critical of the tariff cuts, particularly on three items—lettuce, celery and strawberries—where new rates are lower than those of the Dunning budget of 1930.

More than that, an unexpected inflow of U. S. potatoes has alarmed the potato growers of the central provinces. The general tariff on potatoes is 75 cents per cwt., the intermediate tariff is free.

The Canadian negotiators apparently never contemplated imports of potatoes and the appearance of U. S. tubers on the Toronto and Montreal markets is resulting in much head scratching.

• • •

Relief Purge Coming

Considerable confusion exists in the public mind as to the purpose and function of the Unemployment Relief Commission soon to be named by the government.

Current reports would indicate that this is to be purely an investigating body.

Actually, it will be preponderantly an administrative body. It will be expected to give the government advice, but its chief job will be to administer all the money spent by Ottawa on relief.

A purge of relief lists will be one of the first tasks to be taken in hand.

• • •

Taschereau to Retire

Political fortunes in the province of Quebec are being closely observed on Parliament Hill

Reliable information current in French-Canadian Liberal circles indicates a reorganization of the Quebec government within six weeks.

Premier A. L. Taschereau will retire and his place will be taken by Hon. Honore Mercier, minister of lands and forests.

It is of particular interest to note that Mr. Mercier is an uncle of Paul Gouin, the leader of the insurgent Liberal element.

This change, it is expected, will heal the breach between the two factions and banish political instability from the ancient province for the next five years.

INTERNAT. PAINTS PROPOSING PLAN TO PAY ARREARS

From Our Own Correspondent

MONTREAL.—Directors of International Paints (Canada) expect shortly to submit to shareholders a scheme for dealing with preferred stock dividend arrears, and resuming payment of current dividends on a basis more consistent with the earning capacity of the company.

At the turn of the year the directors declared a half year's dividend to apply on arrears, which now total four years' payments or $9 a share.

Paid Up To 1931

International Paints preferred stock was first publicly offered in November, 1928, the issue amounting to 28,000 shares of a par value of $30 each.

Dividends at the rate of 7½ per cent a share per annum were paid regularly on this stock up to and including July 15, 1931. Payment was deferred after that date until this month.

Higher Earnings

Earnings of International Paints have shown an improvement in the last four or five years. Net profits in the 1935 fiscal year totalled $33,595 compared with a profit of $22,822 in 1934 and a loss of $29,335 in 1933.

Earnings for the past year were equivalent to $1.05 a share on the preferred. Nothing has been earned on the common since 1930.

Saint John Port Tonnage Off Slightly in Past Year

From Our Own Correspondent

MONTREAL. — Cargo tonnage handled at the Port of Saint John during 1935 was below the total for the previous year by 37,109 tons, according to Saint John port authorities.

Total imports last year were 620,303 tons, compared with 633,042 tons in 1934. Exports during 1935 totalled 808,412 tons, as against 832,782 tons in the previous year.

Figures on cargo tonnage for December were also issued. An increase of 34,952 tons of exports during the month was recorded compared with December, 1934. Total exports last month were 105,553 tons, as compared with 70,640 tons a year ago.

A drop of 19,595 tons of imports was recorded last month, the total being 69,407 tons compared with 89,002 tons in December, 1934.

The net increase of all cargo tonnage handled last month over December, 1934, was 15,357 tons.

Associated Telephone Increases Earnings

From Our Own Correspondent

MONTREAL.—Earnings of Associated Telephone and Telegraph Co. for the last six months of 1935 are reported to have shown a consistent increase from month to month.

It was reported last September that the company's bank loans, which at the end of 1934 stood at $2,135,000, had been entirely paid.

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Montreal Trust Widens Executive

J. C. KELLY

H. J. KNUBLEY

C. D. CORNELL

Appointment of J. C. Kelly, H. J. Knubley and C. D. Cornell as assistant general managers is announced by the Montreal Trust Co. Mr. Kelly joined the company in 1913 and until his promotion was secretary. Mr. Knubley has filled various posts, latterly that of manager at Montreal, while Mr. Cornell joined the company in 1923 in charge of the investment department, later becoming assistant manager.

DOMINION TEXTILE CEASES ACTIVITY AT RAYON PLANT

Step Taken By Uncertainty in Market Owing to Japanese Imports

From Our Own Correspondent

MONTREAL.—Closing of the Dominion Textile rayon plant at Sherbrooke, P.Q., is due to the uncertainty in the textile market brought about in large part by Japanese competition in certain artificial silk fabrics. The plant will remain inactive until the present situation in the industry has been clarified. From 500 to 600 workers are said to be affected.

Canada's abandonment of the exchange Compensation Act, generally referred to as the exchange dump duty, in accordance with the new commercial treaty with Japan, is credited with having brought about this situation.

Seek Ottawa's Help

Last week representatives of the Canadian textile trade went to Ottawa to interview the government. It was suggested that the customs department apply that section of the Customs Act which covered depreciated currency. If this were done, relief would be given the domestic manufacturers, while the Japanese at least would be placed on no better footing in the Canadian market than the Lancashire spinners.

The action of Dominion Textiles in closing down the Sherbrooke plant would indicate that at the moment the Dominion government has taken no action on this application.

May Hurt Courtaulds

The action of Dominion Textiles will likely affect operations at Courtaulds plant in Cornwall. Dominion Textiles is Courtaulds' largest customer for yarn and the cutting off of this market may make it necessary for Courtaulds to limit production.

Rhodes Succeeds Dunning on Can. Invest. Fund Board

From Our Own Correspondent

MONTREAL.—Hon. E. N. Rhodes, K.C., former Dominion Minister of Finance, has been elected to the board of directors of Canadian Investment Fund, filling the vacancy created by the resignation of Hon. C. A. Dunning, upon his acceptance of the position of Minister of Finance in the present Dominion Government.

In addition to the regular quarterly dividend, the company has declared an extra payment of one cent a share, payable on February 1, 1936.

B. C. FAVORABLE TO REFINANCING UNDER COUNCIL

Loan Council Plan Seen as Answer to Financial Problems

From Our Own Correspondent

VANCOUVER.—Although British Columbia's official spokesmen have not stated whether the province will accept the national loan council plan as offered by the federal minister of finance, there seems little doubt that they ultimately will, although minor alterations may be made to the plan before final acceptance.

Political as well as financial expediency will probably dictate British Columbia's decision. Premier Mackenzie King has made his position pretty clear on fiscal policy and has placed himself unreservedly on the side of orthodox financing. It is believed therefore that Premier T. D. Pattullo, who has been advocating a rather vague system which he described as "socialized capital," will probably take the hint and play ball with Ottawa according to Ottawa's rules.

Dependent on Ottawa

There is no doubt that British Columbia is more dependent on Ottawa than ever in an economic sense, and Mr. Pattullo's advisers have been telling him that it is useless to attempt a financing programme other than that officially approved by the new Dominion administration.

Hart Favorable

Hon. John Hart, provincial minister of finance, has never quarrelled with the federal policy and would welcome a refunding plan under almost any moderately reasonable terms.

He has been seeking a refunding loan for several years. In this attempt he has actually been hampered considerably by the proposals of Mr. Pattullo for extension of the national credit on huge public works schemes, and the talk of Mayor G. G. McGeer of Vancouver last year in advocacy of arbitrary scaling down of municipal debt interest rates.

Mr. Hart believes that co-operation of the federal government in refunding will enable the province to stabilize finances and maintain a balanced budget on a sound money basis.

The amount of saving to British Columbia that might be effected by refunding will depend, of course, on the rate at which the refunding is done.

Sarnia Building

In 1935 the total value of building in Sarnia, Ont., was $137,052 an increase of $9,850 over the total of $127,202 recorded in 1934.

SINKING FUND DEFICIT REPORTED BY VICTORIA

Fund Can Take Care of Maturing Debt Up to 1943

From Our Own Correspondent

VANCOUVER.—Even if the City of Victoria foregoes payment of annual sinking fund installments up to 1943, the fund will take care of all maturing debt up to that time. According to comptroller D. A. Macdonald, these payments would be made out of interest earnings of the fund and the Victoria debentures held by the fund.

As no installment payments were made last year, there was a shortage in the fund at the end of 1935. The annual installment, based on a 4 per cent interest rate, last year amounted to $240,145. That payment was not made. Interest earnings, however, above the regular 4 per cent and profit on investments yielded about $80,000, to reduce the shortage to $160,451.

It is probable that an extra mill and a quarter will have to be levied in 1936 to meet interest charges on debenture debt.

NEW YORK TRUCK SERVICE OPPOSED BY FIVE RAILWAYS

Quebec Commission Withholds Permit Pending Inter-Provincial Conference

From Our Own Correspondent

MONTREAL.—Decision on the application of the Reo Express and the Montreal and New York Transport Co. for a permit to operate a Montreal-New York trucking service has been reserved by the Quebec Public Service Commission.

Opposing the application for trucking permits are the Canadian National Railways, Canadian Pacific Railway, New York Central, Rutland Railroad, and the Delaware and Hudson Railroad Co.

Also in opposition are the Automotive Transport Association, Express Traffic Association of Canada and Highway Carriers (Canada) Ltd.

It is claimed by the opposition that Canadian and United States Railways maintain at the present time an adequate freight and express service between Montreal and New York. With the distance between the metropolis of the Dominion and the metropolis in the United States, beyond the economic sphere of utility for highway motor transportation, the venture of automobile trucking into the field would only mean undercutting of railroad tariffs and economic chaos, it is claimed.

Applicants for the permit intend to operate inter-city trucking between the two cities every two days, handling all types of merchandise, with the exception of furniture, and rates being based on railway rates according to classification. Several Montreal and New York manufacturing plants had already given verbal promise to the Reo Express that they would patronize the trucking service.

Await Federal Action

The Quebec Public Service Commission refrained from making any decision because of the fact that the present inter-provincial conferences at Ottawa were dealing directly with uniformity of trucking permits, rates and conditions, particularly between provinces.

The commission decided therefore to postpone granting of any such permits until the whole matter is threshed out at Ottawa between the federal and provincial government authorites.

Newsprint Records

Canada and Newfoundland Set Up All-time High in 1935—American Production Continues to Decline

From Our Own Correspondent

MONTREAL.—Newsprint production in Canada established a new all-time record in 1935 with an output of 2,753,789 tons. This compares with 2,599,292 tons in 1934 and with the previous record of 2,728,800 tons in 1929.

Production in the American mills continues to fall, the output last year totalling only 912,392 tons. This is the lowest figure reported in more than a decade, and was 5.1 per cent less than in 1934.

Newfoundland kept pace with Canada, her mills turning out 335,720 tons in 1934, compared with the previous record of 316,119 tons reported in the preceding twelve months.

Continental Output Up

Mexican production showed little change last year, while the total North American output at 4,021,462 tons was 3.2 per cent above the 1934 figure. The continental production last year did not establish a new record, the figure having been repeated on three other occasions and comparing with the all-time record of 4,395,300 tons set up in 1929.

Production in Canada during December, 1935, amounted to 244,732 tons, and shipments to 265,233 tons.

Production in the United States was 75,869 tons and shipments 78,076 tons.

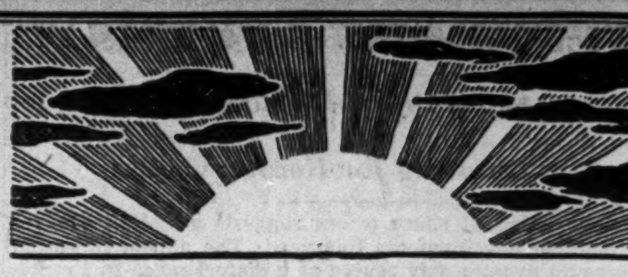
During December, 26,833 tons of newsprint were made in Newfoundland and 696 tons in Mexico, so that the total North American production for the month amounted to 348,130 tons, against 343,535 tons for the same month of the previous year.

Stocks of newsprint paper at Canadian mills were reported at 30,138 tons at the end of 1935, and at United States mills 10,266 tons, making a combined total of 40,404 tons. This was in contrast to 42,169 tons on hand at the end of 1934.

Canadian Bronze Names Roost to Vice-Presidency

From Our Own Correspondent

MONTREAL. — Harold J. Roast has been appointed vice-president of Canadian Bronze Co. in charge of technical operations, effective January 1.



WHAT NEXT?

In the ever-changing economic and financial scene, our role is that of alert watchmen devoted to the interests of beneficiaries under wills and trusts.

Our responsibility to our trust customers centers upon the conservation of their property. We pledge them close attention to the management problems which each day's work presents, as well as a watchful eye to the future.

Crown Trust Company
EXECUTORS TRUSTEES — FINANCIAL AGENTS
393 St. James Street West - Montreal

21,000 CANADIANS Go Forward With THE CONTINENTAL LIFE

Consistent progress and sound trusteeship on behalf of our 21,000 policyholders and their families, is shown by the Company's annual report for 1935.

NEW BUSINESS GAINED!

Paid-for new business was increased by 24% over 1934. Total business issued and revived amounted to $6,897,701. Total business in force reached $36,857,002, an increase of $1,168,734.

$840,318 PAID UNDER POLICY CONTRACTS

Of this amount, over 75% was paid to living policyholders in matured endowments, annuities, dividends, cash surrenders and total disability provisions. The balance was paid to beneficiaries through death claims.

$1,164,685 SAVED BY POLICYHOLDERS!

During 1935 our policyholders saved toward their financial security, $1,164,685, paid in as premiums (reinsurance premiums deducted). Total income amounted to $1,673,275.

MORE THAN REQUIRED SAFETY!

In addition to the full amount of policy reserves, $7,227,930, as required by Government standards, the Company has additional security for policyholders, amounting to $680,282.

Detailed copies of our annual report will be furnished gladly on request.

Branch Offices located in all important centres

The Continental Life Insurance Company
JOHN W. HOBBS, President — Head Office TORONTO — N. J. LANDER, Managing Director
AN ALL CANADIAN COMPANY FOUNDED 1899

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IT'S styled to the latest tasteful detail, this new McLaughlin-Buick—with newly-streamlined Turret Top Bodies by Fisher. It's paced for a thrill, with smoother and more powerful Anolite-pistoned Straight Eight engines. ¶ It has new *Tiptoe* Hydraulic Brakes; improved Knee-Action; Fisher No-Draft Ventilation; refined Centre-Control shockless steering; all set against the background of McLaughlin-Buick's proved and famous Sealed Chassis and Torque Tube Drive. ¶ These things cost more to build—but they're worth it, as a ride and your own comparisons will prove. Low prices, and greatly-reduced 7% GMAC time payment plan.

$1233 (Series 44 2-pass. coupe) and up, delivered at factory, Oshawa, Ont. Fully equipped. Freight and government registration fee only extra.

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Consider the Company Back of the Car
M-56

Investment Trends

Share Prices Hesitant

* * * *

Investing for Recovery

Uncertain action of share prices suggests a stock-taking of possible political developments this year. The almost forgotten Italo-Ethiopian dispute may revive as a disturbance. In France, deflation promises another series of cabinet crises. The coming U. S. election can be relied upon to provide occasional financial disturbances.

While North American conditions and securities can recover considerably under their own steam, British authorities continue to comment that real world recovery depends upon trade expansion which has yet to develop. This at least leaves room for further improvement.

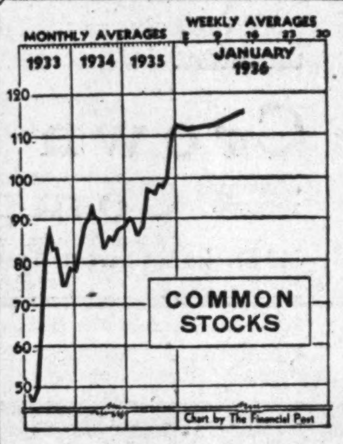
One of the peculiar effects of U. S. Supreme Court rulings is that government tax programmes have been thrown out, adding to the inflationary character of the American budget deficit. The revenues that were to offset the inflationary new deal extravagances have been outlawed.

Mixed Opinions

SHARE prices have not been moving confidently. The immediate situation is one of hesitation. The widespread view of authoritative investment advisers is that the outlook for equity investments for, say, two or three years, is favorable. Less confidence is held of the short-term outlook.

Montreal Stock Exchange industrial average has drifted down toward 71, the Toronto Stock Exchange figure close to 130. Stocks have also been milling around in New York with a slight tendency to softness.

The important fact remains that new funds are constantly becoming available for investment. Investment of funds by individual investors has been largely in stocks. Large institutional investors continue to buy bonds even at low interest yields, but also see merits in common shares. The cushion provided by the growth of investment demand should support any recession of share prices.



The high level of stock prices in the week ended Jan. 16 was only fractionally below the 1931 high, as measured by the Dominion Bureau index. Subsequently there has been a slight decline. Indices appear on this page.

* * *

Investment Policy

AMONG the more significant changes in the character of the portfolio of Canadian General Investments in 1935 were these:

Percentage of Total Value of Holdings

Type of Enterprise:	1935 $	1934 $
Building, construction	9.4	5.9
Gold mining	3.3	0.1
Manufacturing	12.6	15.3
Pulp and paper	8.4	8.9

It must be noted that these changes are percentages of total market value of holdings. Thus, in addition to reflecting changes in investment policy, the figures are affected by market fluctuations in 1935.

These deductions, however, appear reasonable:

1. There has been an increase of holdings in companies in the building and construction field apparently in anticipation of greater than average improvement in such trades.

2. Gold mining shares are viewed favorably.

3. Since prices of manufacturing securities rose in 1935, it appears that the company has been a seller of such investments apparently on the basis that prospective improvement is not likely to be as great as in building.

4. Since pulp and paper securities appreciated sharply in 1935, there has evidently been liquidation, indicating an unfavorable opinion of the outlook for the industry.

* * *

Preferreds Rise

PREFERRED shares have shown little hesitation in their rise of the past year or more. The decline of interest rates on bonds has encouraged increasing investment in preferred stocks, many of which offer comparatively attractive yields.

The upward movement of preferred shares may still be short of completion. The end of this trend for individual stocks will come when they reach or pass the redemption price. The next development, provided low interest rates are maintained, may be refinancing of preferred shares at lower dividend rates.

The greatest scope for further advances in preferred shares appears to be among issues that are not paying dividends. The fact that payments have been passed, however, indicates weakness under conditions of depression. Still, the experience of the past has been that many preferreds, still sharply depreciated, were able to earn and pay dividends in "good times." If history repeats itself, so may the dividends.

* * *

Tariff Influences

CHANGES in tariffs this year may be of comparatively minor character, but could still have noteworthy investment consequences.

Proposed adjustments in rates on automobiles and parts may not benefit Ford of Canada, which company, however, is not profiting proportionately to the expansion of domestic sales anyway. Ford would still have to look to sales abroad for important earnings.

Textile shares have been depressed in expectation of tariff changes so that modification of import duties on British cottons and on artificial silks may have no drastic effects on share prices. The eventual consequences of tariff changes, however, are not always immediately clear.

* * *

Maximum Gains

TO GET the maximum benefit from further economic recovery over the next five years, which appears to be widely expected, the investor who chooses to put his money in stocks will have to select shrewdly.

The very shares that have been the most stable earners in depression may offer less opportunity of capital appreciation than those with widest variations in earnings. The stability of demand for the products of such firms may indicate unlikelihood of rapid expansion in times of recovery. The conservative share-buyer, however should be satisfied with the measure of recovery that may come to stable common stocks.

The advice of Herbert Casson, British editor and adviser, is noteworthy. For profit, he says:

"Buy the common shares of the best company in the most depressed industry."

Since the most depressed Canadian industries are newsprint, agriculture and construction trades, these are the designated fields. A selection of common shares in each of these fields would naturally include International Paper & Power, Massey-Harris, Canada Cement. Following Mr. Casson's plan, the investor would have something to think about, or to fret over, while awaiting the profits.

The Newsprint Gamble

See Big Gain in Prospect for Security Holders When Selling Prices More Remunerative—Present Position Sounder—Companies Analyzed

On The Up-Grade

Has the newsprint industry definitely taken a turn for the better?

Bond and stock holders in the big paper companies have been frequently asking themselves this question.

A large number of speculators and long term investors, seeking a market rise have also been showing interest.

With prices slightly firmer despite increased volume some observers believe the newsprint situation for the first time since 1929 is on the mend.

In the accompanying article John Langdon, of the Montreal office of The Financial Post analyses the possibilities in newsprint securities.

BY JOHN LANGDON

Recent marked revival of interest in the newsprint securities is readily understandable. In years past the industry has been a big money maker. Its securities were highly regarded. Then came the collapse—not the stock market collapse of 1929, but the collapse brought about by over-expansion. Newsprint securities which at one time were worth hundreds of millions of dollars shrunk to a fraction of their former value.

Prospects Are Dazzling

If the industry is on its way back, then former security values may be restored. Millions will be made by those investors far-sighted enough to "call the turn," while those who have held on in the last five or six years may see their holdings restored in value.

Little is to be lost if the turn has not taken place, hence the wide interest with which the financial markets are now regarding the industry.

Cause of Troubles

The troubles of the newsprint industry have been threefold:

(1) Over-expansion,

(2) Lack of business to maintain operations at an efficient level,

(3) An inadequate selling price.

The problem of over-expansion has been easily solved: since 1932 there have been no major additions to machine installations. The gradual increase in capacity rating since that time has been due to adjustments of one kind and another increasing efficiency, but not to new machines.

Volume Moves Forward

The low point in business volume was reached in 1932, when the Canadian mills turned out 1,907,600 tons. This was far above the average of the previous 10 years, but was low in comparison with the capacity of installed machinery. In that year production was less than 50 per cent of capacity—probably the lowest point ever reached in the industry.

Such a situation caused a struggle for new business among the manufacturers. Price rebating and price cutting were common. Tonnage pools were arranged from time to time in an endeavor to stabilize the market. None of these emergency measures was especially effective. But by communal efforts, the manufacturers were able to stave off an open break in the market. In this way the situation was held in check while the natural growth in demand began to come into play.

Thus in 1933 production again passed the two million ton mark, and the operating ratio moved up to 52.4 per cent. A further gain of nearly 600,000 tons was reported in 1934 and in 1935 production reached 2,753,289 tons—the largest ever reported by the industry.

Figures and Figures

The matter of tonnage is not now a vital issue, but the tonnage figures can be easily misinterpreted. While last year's output was of record proportions, the operating ratio of the manufacturers was still considerably under the 1929 figures due to the fact that additional machinery had been installed since that time.

Though the industry as a whole operated at around 71 per cent of rated capacity in 1935, a number of the manufacturers were not able to reach that level. Two of the largest operators in the industry—Abitibi and Consolidated Paper—operated at less than 60 per cent.

Depends on Plants

Even this last statement is not to be taken too literally. While Abitibi did not utilize more than half of its rated capacity, several of its mills were idle but those that did operate were at or near capacity. Consolidated's position was somewhat similar. This company has four mills, one of which was closed down last year. If the rated capacity were adjusted to include only the mills in operation, this company would have reported a considerably higher operating ratio.

The volume of tonnage handled by the newsprint industry, therefore, is to be considered with caution when reduced to the performance of the individual manufacturer. The fact that demand has reached record proportions is of greater importance in analysing the general trend of newsprint values than that one or more companies operated at less than the average for the industry. With a continuation of the upward trend, the individual cases will automatically adjust themselves; a condition which is even now taking place.

Better Price Needed

The greatest problem and the principal drawback to full recovery, is the difficulty in securing a higher price for newsprint. It should be noted here, however, that for the first time in more than 12 years the price of newsprint paper has been advanced—$1 a ton on 1936 deliveries. This is encouraging, but it would be premature for the investor to think that this increase is going to make any appreciable difference in earning power during the current year. It won't. A return of prosperity, claim the producers, must await a still higher price—$45 a ton or better.

Summary of Position

The position of the industry at the moment can be summarized briefly as follows:

Production has reached record proportions and promises to increase;

The price of newsprint at $41 a ton is encouraging, but still not at a level to permit of profitable operations; and

With a continued advance in demand, the way is made easier for the producers to secure a higher and more remunerative price for their product.

Basic Position Sounder

It is difficult to say that the turn has come, but it can be said the basic position of the newsprint industry is sounder and more promising than for many years past. The position of the individual operators is strengthening, though much remains to be done before the ravages of the past six years have been obliterated.

A brief outline of each of major companies in which there is a public investment interest follows:

Abitibi

Abitibi Power and Paper has been in bankruptcy since September, 1932. To date no plan has been put forward for the reorganization of the company. In more prosperous times Abitibi loaded itself up with a number of widely scattered plants which have since proved burdensome. Production of newsprint has shown a steady advance; though only four low-cost mills in operation. Sale of pulp is proving profitable. It is likely that steps will be taken to utilize some of the high priced mills for products other than newsprint, probably chemical pulps. Cost of carrying idle mills is heavy. There is no immediate prospect of bond interest being paid, but with position of the company steadily improving, outlook is more cheerful for the security holders.

Brompton

Brompton is no longer of direct public investment interest, but is indirectly represented by St. Lawrence Corp. A stock. Last year company handled a better volume of business, which is expected to be reflected in a gain in operating profits. In 1934 Brompton showed an operating profit of $199,299 and $15,403 from investments. Balance sheet of Brompton reveals net working capital equal to about $5 a share on St. Lawrence A stock, all of which was exchanged for the common stock of Brompton.

Canadian International

Canadian International Paper is one of the few companies which has paid interest regularly on its bonded debt throughout the past several years. The public is primarily interested in the first mortgage bonds. From an operating point of view C.I.P. is not in need of additional tonnage; operations in the past year being close to capacity. A further increase in the price of newsprint would strengthen position of the bonds, interest on which has not been fully earned in the last three years. The $1 a ton increase for 1936 should enable the company to earn bond interest. C.I.P. also receives a substantial amount of revenue from its sulphite pulp operations.

Consolidated Paper

Consolidated Paper is the old Canada Power and Paper Co. which went into bankruptcy in 1931. Under the new set-up interest on the funded debt was deferred until this year, becoming cumulative and fixed in the last 6 months. Since reorganization progress has been made in strengthening company's finances, but at the end of March, 1935, bank loans totalled around $13 millions. Operations have been on an increasing scale, but it is doubtful if the company will be in a position to meet interest payments. Default is to be expected.

Donnacona

Donnacona Paper went into bankruptcy in 1932, following which a reorganization was effected and control passed from Price Bros and Co. to the old bondholders. Company's revenue is derived from newsprint and board operations. Operating profits have been increasing and as bond interest is payable only out of income in the period up to February 1 next, surplus earnings have been used to build up working capital. The latter has been improved to the extent of $1.2 million in the last four years. Cumulative interest at the end of last year totalled slightly more than $700,000. Prospects are that the company will commence paying interest when August 1 coupon becomes due.

Lake St. John

Lake St. John Power and Paper has been operating at a high level for some time past. In 1934 earnings totalled $405,822. Returns for past year are expected to be somewhat better. About 50 per cent of interest charges are being paid on the first mortgage bonds. All of the company's output is sold to the Hearst publications in the United States. Contract expires shortly. It remains to be seen whether or not a new agreement will be made.

Mersey Paper

Favored by low wood and conversion costs and cheap transportation, Mersey Paper has managed to operate at capacity for several years. Public interest is limited to the general mortgage bonds. However the company has a block of first mortgage bonds put up as collateral to cover bank loans. When market conditions are more favorable these bonds will be offered to the public. Despite the low price of newsprint, the company has managed to cover interest on the general mortgage bonds, with a fair balance carried forward to the depreciation reserve.

Minnesota and Ontario

Though this company's affairs have not been before the public as much as those of some others, it has been steadily improving its position. Operations are conducted by a receiver. During the first half of 1935 sales were about $600,000 greater than during the same period of 1934. Net income at $223,994 compared with $39,635. During the first half of last year current liabilities were reduced by about half a million. No immediate prospects of a reorganization.

Price Bros.

Price Bros. & Co. in bankruptcy, handled a larger volume of tonnage in 1935, but a fairly large proportion was in low-priced "overseas" business. Steps are being taken to secure a larger share of the more profitable American market. Company has large and potentially rich assets. In the past, securities were highly regarded and it is recognized that with a return to more normal conditions in the newsprint market, the company could quickly re-establish earning power and restore the first mortgage bonds to good standing. Attempts have been made to reorganize company, but have not been successful owing to opposition of junior creditors, especially holders of preferred stock.

St. Lawrence Paper Mills

High operating costs, combined with a limited volume of business, caused St. Lawrence Paper Mills to report operating deficits from 1932 to 1934. More tonnage was produced last year and the 1935 accounts are expected to show that the company broke even. Company has no bonded debt; its senior security being 142,256 shares of preferred stock, upon which dividends have not been paid since July 15, 1931. Company has bank loans and deferred liabilities totalling about $1.4 millions. Improvement in operations has been a feature with this company in past 12 months.

Copper Output Soars

Production of primary copper in Saskatchewan during the first half of 1935 showed an enormous increase over the province's production of the first half of 1934, at $485,045, compared with $51,826.

Newsprint Indices Hold Out Hope

Year	Daily Capacity of Mills in tons	Average Price per ton*	Annual Production in tons	Operating Ratio %	Index Security Values 1926=100
1929	10,400	$62.00	2,728,800‡	85.5	95.0
1930	11,700	55.00	2,500,000	69.3	50.9
1931	12,376	50.00	2,221,500	58.1	15.5
1932	12,425	45.00	1,907,600	49.8	7.3
1933	12,458	41.20	2,017,000	52.4	7.5
1934	12,580	40.00	2,599,292	67.0	11.7
1935	12,620	40.00	2,753,289§	71.0	15.8
1936†	12,620	41.00	2,850,000	73.0	?

† Estimated. * Selling price for delivery at New York or Chicago.
‡ Pre-depression record. § All-time record.

Standing of Operators on Basis of 1935 Output to Rated Capacity

1. Mersey Paper Co.
2. Canadian International Paper Co.
3. Lake St. John Power and Paper Co.
4. St. Lawrence Paper Mills.
5. Minnesota and Ontario Paper Co.
6. Price Bros. and Co.
7. Great Lakes Paper Co.
8. Consolidated Paper Corp.
9. Brompton Pulp and Paper Co.
10. Donnacona Paper Co.
11. Abitibi Power and Paper Co.

Investment Notes

Fanny Farmer Earnings

Now it is being given forth that earnings of Fanny Farmer Candy Shops may not be nearly as high as some of the forecasts.

The most optimistic prediction has been profits of $1.40 a share. The Financial Post has indicated a probability that earnings would pass $1 a share and a possibility of $1.25 a share. For the first 10 months of 1935, net profit before federal taxes was 83 cents a share. Taxes would probably cut this down to 65 cents a share. In 1934, the company made nearly 40 per cent of its profits in November and December. Even if forecasts are not fully realized in the report that will appear next month, earnings will show at a record high level.

* * *

Blue Ribbon Firmer

Firmness in the market for Blue Ribbon preferred and common is attributed to improvement in the company's operations.

* * *

Southern Canada Power

Rate reductions put into effect by Southern Canada Power Co. last year continue to affect earning power.

During the first quarter of the current fiscal year ended last December, gross revenue registered a slight decline compared with the corresponding quarter of 1934.

It was not possible to offset this decline by economies in operation, with the result that net operating revenue for the three months was $2,064 under that reported for the quarter ended December, 1934. The common dividend of 80 cents a share was not fully covered in the last fiscal year.

* * *

Packers' Purchase

Purchase of the plant of the Collis Leather Co. at Aurora, Ont., by Canada Packers Ltd. is an indication of the diversity of the packing firm's business.

While Canada Packers is viewed as one of the more stable food industries, there is some feeling that the shares are too high to be attractive above $80. The stock market appears to be discounting an increase in the dividend of $3 a share. It is somewhat early to count on such a development.

* * *

One Ten-timer

One shrewd investment man says that Kelvinator common at $7 is the only stock he knows under $10 that is selling at or below ten times earnings per share. The shares pay no dividend and suffer somewhat from inactivity, but these are not major objections to the long-term investor.

* * *

International Metals

International Metal Industries preferred on which no dividends are being earned or paid has moved up close to 40. This is one of the types of securities that may benefit from resumption of capital expenditures in the oil industry.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Iron and steel 15	Pulp and paper 6	Milling 5	Oils 5	Textiles and clothing 11	Food and allied products 18	Beverages 9	Total industrials 89	Total utilities 23	Total co's. 112
1929-35:*										
High	388.9	113.4	273.4	423.5	113.5	197.8	205.4	317.6	166.0	232.6
Low	39.8	2.8	37.7	83.6	28.0	72.1	28.5	49.3	33.1	40.9
Weekly Figures, 1936:										
Jan. 2	125.3	17.3	78.6	212.6	72.1	149.5	155.1	178.3	49.8	111.4
Jan. 9	128.8	18.6	79.5	217.5	74.9	152.1	152.6	180.2	50.8	112.3
Jan. 16	129.8	18.9	80.7	232.2	75.7	152.9	152.7	187.2	50.8	116.2

*High and low of years from 1929 to 1935 inclusive are based on weekly figures. Compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	20 Misc. Mines
Jan. 21	131.75	126.43	124.73
Jan. 20	132.05	125.94	124.96
Jan. 18	132.75	126.54	126.75
Jan. 17	133.24	126.98	127.50
Jan. 16	132.83	126.73	125.30
Jan. 15	132.94	126.87	124.80
Month ago	126.01	118.32	118.61
Year ago	108.90	112.85	85.41
High, 1935-36	134.68	128.38	130.79
Low, 1935-36	97.90	96.70	80.83

Montreal Averages

	10 Util.	20 Indus.	30 Comb'd
Jan. 21	...	...	...
Jan. 20	67.6	71.5	70.2
Jan. 18	68.2	72.1	70.8
Jan. 17	68.7	72.2	71.0
Jan. 16	68.3	71.9	70.7
Jan. 15	68.3	71.8	70.7
Month ago	65.3	67.0	66.4
Year ago	61.4	59.0	59.8
High, 1936	69.5	72.6	71.4
Low, 1936	68.0	70.3	69.6

Belleville Building

Total estimated value of building permits issued in Belleville during 1935 was $145,602, or nearly double that of 1934 when the total was $76,455. An exact total of 32 permits was issued for both years.

United Amusement Corporation, Limited

Famous Players Canadian Corporation holds a substantial interest in United Amusement Corporation, Limited stock.

United Amusement Corporation, Limited, owns and operates a chain of motion picture theatres in Montreal and Sherbrooke.

Assets: Land, buildings and equipment, less depreciation, together with net current assets, amount to $2,149,254, against $1,250,000 First Mortgage Bonds.

Earnings: Average annual earnings for the five years ended August 31st, 1935 available for bond interest, after depreciation, were 3.40 times annual interest requirements on this issue.

New Issue: United Amusement Corporation, Limited new 5% First Mortgage Sinking Fund Bonds will be the only issue outstanding and will mature February 1st, 1956. Denominations of $1,000, $500 and $100 are available.

Price: 101.25 and interest, to yield 4.90%

Descriptive circular will be forwarded upon request.

Wood, Gundy & Company Limited

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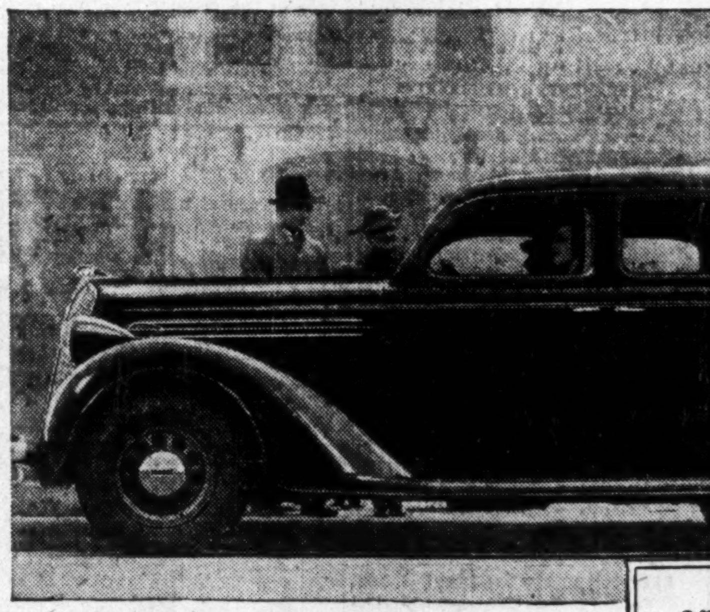
PLYMOUTH IS THE best Engineered Car in the Lowest Price Field



You want Economy—Safety—Reliability and Comfort. And in a Plymouth you get them.

OWNERS everywhere are reporting that the new Plymouth goes 21 to 27 miles on a gallon of gasoline! Canada's most economical full-size car is the 1936 Plymouth.

It's the largest . . . the most sturdy . . . the most beautiful of "All Three" lowest priced cars. These are facts which you can easily check.

The frame is the most rigid used on any lowest priced car. With the addition of the front end sway eliminator, this gives the riding smoothness you would expect in this big car.

Plymouth's beautiful safety-steel body is real protection and the famed 100% hydraulic brakes always stop you safely. Your family is safer in a Plymouth.

It is the easiest handling car you ever drove . . . 18.2 to 1 steering ratio. There just isn't any riding shock or wheel fight.

Plymouth's record for long life has been built because the finest long-life features are built into this lowest priced car.

Plymouth gives you a smooth ride. It has the famous patented Floating Power engine mountings and the body is insulated from the frame with a cushion of rubber . . . you sit cradled between the axles—the result of Plymouth's redistribution of weight.

Before you buy any car today, drive and ride in the big, new, 1936 Plymouth. Compare it with the other two lowest priced cars. See your Chrysler, Plymouth and Fargo dealer today.

Ask for the New Official Chrysler Motors Commercial Credit 7% TIME PAYMENT PLAN
You can figure it out for yourself.
1. Start with your unpaid balance.
2. Then add insurance cost.
3. Then multiply by 7% — for a 12 months' plan. Costs for longer or shorter periods in proportion.
• In some provinces a small legal documentary fee is required.
NO OTHER CHARGES

$834

For the Plymouth Six Business Coupe Delivered at TORONTO
License extra

PLYMOUTH BUILT BY CHRYSLER

A Record Peak!

CONSUMPTION of electricity in Canada is now on a level surpassing all past records. In 1935 alone the output exceeded that of the previous year by over 11%.

With two consecutive years of improvement in the principal departments of national activity, with our great resources being increasingly utilized, and with an enterprising, level-headed people, CANADA CAN and CANADA WILL surpass all her previous prosperity.

We recommend the securities of B.C. Power Corp., Canada Northern Power Corp. and Southern Canada Power Co. Limited.

NESBITT, THOMSON AND COMPANY LIMITED
355 St. James St. West, Montreal
Branches in all the principal cities of Canada

Bond Markets

Government Issues Rebound

* * * *

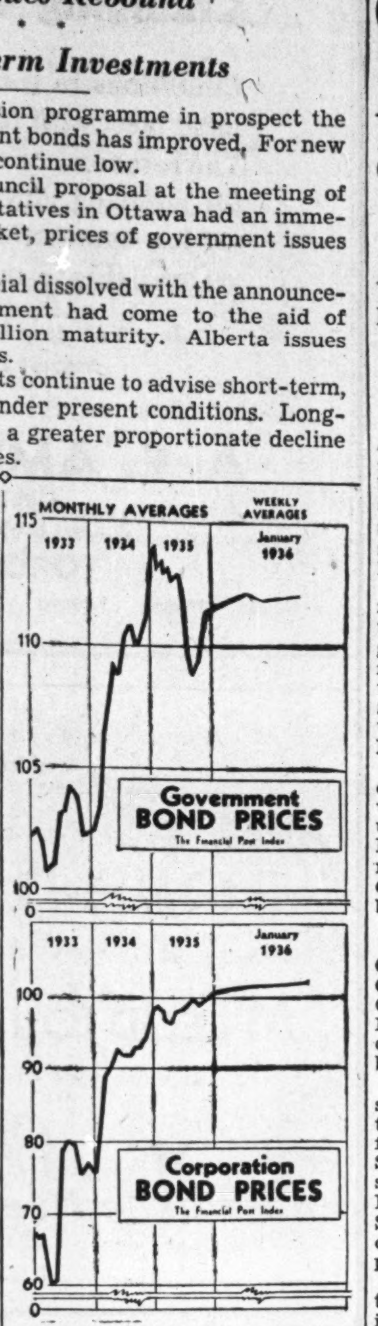
Advise Short-term Investments

With no large scale conversion programme in prospect the outlook for holders of government bonds has improved. For new investors, however, yields will continue low.

Clarification of the loan council proposal at the meeting of provincial and federal representatives in Ottawa had an immediate reaction on the bond market, prices of government issues regaining previous losses.

Weakness in western provincial dissolved with the announcement that the federal government had come to the aid of Alberta in meeting its $2 million maturity. Alberta issues jumped from three to five points.

Advisers on bond investments continue to advise short-term, rather than long-term bonds under present conditions. Long-term bonds would be subject to a greater proportionate decline in any general recession of prices.



Appreciation Opportunities

THE opportunities of investment for appreciation in high-grade corporation issues are narrowing down. Investors wishing to buy bonds in expectations of some profit have the choice of either taking a low rate of interest or buying inferior securities.

Higher quality corporation bonds are now selling at or above their call price. The reason for this is that good securities are scarce. No new securities are being created, and new financing is almost entirely refunding. The result is that existing securities have been pushed to high levels.

As long as the level of interest rates on government bonds remains around 3 and 3½ per cent, the best corporation bonds are likely to sell at high levels.

* * *

Funds For Investments

THE volume of funds seeking investment at low rates of interest appears to be even greater than is generally estimated. At least, the rapidity with which recent issues have been taken up and quoted at a premium would indicate such a situation.

The new issue of $48 millions Dominion of Canada 25-year 3¼ per cent bonds, offered in New York at 95.86, to yield 3.5 per cent, was rapidly oversubscribed and sold as high as 98⅜.

In the corporation field, the $10 millions issue of the Montreal Light, Heat and Power 3½ per cent first mortgage 20-year bonds, offered at 98.50, was also taken up in a very short time and advanced as high as 99.75.

* * *

Depreciated Issues Rise

THE Financial Post index of corporation bonds continues to break new ground, standing at 102.26 for the week ended Jan. 20.

The upward trend of depreciated industrial issues is also continuing. An exception to this have been the pulp and paper bonds, which have dropped off slightly, partly as a result of profit-taking.

Canada Steamship 6's have been particularly strong, climbing to 56.25 on the prospects of marked improvement in grain movements in 1936.

Price movements of utility issues showed a tendency to weakness. Maclaren-Quebec bonds, however, moved up two points.

Among the bright spots have been Canadian Pacific Railway issues, all of which moved into higher ground.

The outlook for the transportation industry is improving.

* * *

Government Bonds

BUOYANCY has featured the market for government bonds. Government and government guaranteed issues rose all along the line when it became apparent that the loan council scheme would only be carried out on comparatively small scale. Federal issues gained from a quarter of a point to one point.

Western issues recovered from the shock of a possible default by Alberta. Gains were recorded in almost every issue, Saskatchewan issues rising as much as three points, Manitoba's 1½ points and Alberta's as high as five points. Gains, however, were merely equivalent to previous losses.

The trend of the gilt-edged government issues is indicated below:

The Financial Post Average Yield and Price For Seven High-Grade Government Bonds

1936	Yield %	Price $	1935	Yield %	Price $
Jan. 21	3.509	111.01	Jan. 21	3.422	114.50
Jan. 20	3.501	112.09	Jan. 19	3.431	114.39
Jan. 18	3.503	112.07	Jan. 18	3.437	114.32
Jan. 17	3.499	112.11	Jan. 17	3.438	114.30
Jan. 16	3.530	111.87	Jan. 16	3.454	114.04
Jan. 15	3.561	111.88	Jan. 15	3.438	114.30
Jan. 14	3.593	111.55	Jan. 14	3.424	114.47
Jan. 13	3.597	111.83	Jan. 12	3.436	114.30
Year's	3.540	111.21	Year's	3.367	114.97
Range	3.597	111.50	Range	4.097	106.57

Huge Burden of Taxation Retards Canada's Progress

By JAMES Y. MURDOCH, K.C.

It is estimated that Canada's debt for debentures and bonds issued directly or indirectly by the Dominion and provincial governments and municipalities totalled approximately seven billion dollars at January 1, 1936, of which but $3.8 billions are payable in Canada only.

The total principal and interest payments of Canadian bonds issued by the Dominion and provincial governments, municipalities and corporations payable in the year 1936 are estimated at $752 millions, of which $404 millions are payable in Canada only—truly a staggering debt for a country of 11 million population at a time of almost unparalleled world conditions.

Such debt cannot be paid nor serviced unless our foreign trade is expanded because without exports there is not sufficient money in our country to service and pay debts.

Our world trade is expanding, but it is the duty of every Canadian to do his utmost to make new contacts and, through these contacts, create new business, and make products of a quality and at a cost which will appeal to foreign peoples and enable additions to our export trade.

Leadership Needed

I have full sympathy with those gentlemen who have been entrusted with positions of leadership and responsibility in our Dominion, provincial and civic governing bodies, but I do feel that the present state of Canadian affairs calls for leadership of a very high order which it is the duty of those in authority to give the people of this country.

Killing Initiative

Remember it is the so-called rich man or the energetic ambitious rising young man who develops our resources or creates new industries and thus new employment.

Without encouragement to this class of citizen, how can we prosper and pay our debts?

What encouragement are these builders of Canada being given by our government leaders?

Is not all incentive being strangled by a continuously rising trend of taxation, including increasing succession duties, and by political interference in business rather than business-like management of government?

Can we blame these constructive builders should they decide to retire from active participation in business and even leave the country, as some have already done, and spend the remainder of their lives with their wives and families free, or much more free, of business worries than if they continued doing their part in building up Canada?

Soaking the Rich

Should the present tendency to "soak the rich" continue, there is little doubt this will happen in many, many cases, which it is obvious will be to the serious detriment of the development of this country and the employment of its people.

The business and employment creator or builder is by his very nature or ability a worthy citizen and willing to bear his just portion of the cost of caring for his less fortunate fellow citizens, but our government leaders must set an example by constructive economical action.

Confiscatory Waste

It is only human to feel resentful if some authority takes away from a man more than that man feels should be taken and the man then sees his money wasted.

As I said before, I have abundant sympathy for those who have taken over the responsibility of the government of the country and the constituent governing units, but the real remedy lies in our own hands.

Let our leaders know that we have forgotten politics, that what we want is clear cut, active and definite policies for the betterment of Canadians and the advancement of the country and then I believe, and not until then, will we obtain what we should.

Public Utility Earnings

Southern Canada Power

December:	1935 $	1934 $	Dec. $
Gross revenue	181,695	184,340	2,645
Operating expenses	69,014	69,448	434
Net	112,681	114,892	2,211
Three Months:			
Gross revenue	511,110	553,380	2,270
Operating expenses	214,653	214,859	206
Net	336,457	338,521	2,064

Jamaica Public Service

December:	1935 $	1934 $
Gross earnings	85,280	82,015
Net earnings	38,815	36,397
Surplus after charges ..	30,183	27,746
12 Months:		
Gross earnings	859,397	829,752
Net earnings	350,375	335,935
Surplus after charges ..	247,638	227,071

Ontario Laws On Newsprint Are Envisaged

Great Lakes Paper Deal Remains Active in Court

APPEAL BEING MADE

If Great Lakes Sale Upheld, New Securities Would Probably be Ready by April

Appeal being lodged against sale of Great Lakes Paper assets under the Gefaell-Aldrich terms may not be supported actively by large institutional investors, it is understood. However, there is still a considerable body of opinion among large investors opposed to the deal.

One result of the Great Lakes deal may be that legislation will be introduced in Ontario to exercise a greater measure of control over the newsprint industry, as in Quebec. It will be recalled that the Ontario government announced that it would actively oppose the Great Lakes sale.

It is expected that the appeal decision will be announced within six weeks. If the Great Lakes deal is upheld, new securities of Upper Lakes Pulp & Paper Co. would be ready for issue to present holders of Great Lakes bonds and to creditors by April.

Notice of Appeal

Notice of appeal against the Gefaell-Aldrich deal for assets of Great Lakes Paper Co. was given at Osgoode Hall, Toronto, by Western Investments Ltd., on Jan. 20, the last day upon which such action could be taken.

Western Investments Ltd. is described as "a bondholder." At the time the Great Lakes deal was before Mr. Justice J. A. McEvoy in the Supreme Court of Ontario for consideration, Western Investments Ltd. was represented by Arthur G. Slaght, K.C., who argued in favor of the revised offer of the newsprint industry for the assets.

Newsprint interests are opposed to the Great Lakes deal. Since the industry, as such, was not represented in court, it has been generally assumed in investment circles that Western Investments Ltd. has been acting in the interests of the industry.

Claim Bonds Injured

The notice of appeal is lodged against the decision on Dec. 21, 1935, by Mr. Justice McEvoy accepting the Gefaell-Aldrich deal for the Great Lakes assets. Bondholders approved the proposal last October.

The notice says that the Gefaell-Aldrich offer was not an offer to purchase but was a chance of reorganization. Western Investments Ltd. contends the offer was not fair and reasonable. On the contrary, it states, "its terms were unfair, unreasonable and unbusinesslike, and the rights of bondholders and others interested in the mortgaged premises will be substantially impaired by its acceptance."

Proxies Criticized

It is claimed in the notice that a number of proxies voted in favor of the scheme by the chairman of the bondholders' protective committee had been given to the committee in general terms before the nature of the Gefaell-Aldrich offer had been disclosed to those giving the proxies. After the bondholders' meeting, the notice states, owners of $700,000 of bonds who had given proxies to the committee expressed disapproval of the Gefaell-Aldrich offer.

The notice makes the same claim that Mr. Slaght made before Mr. Justice McEvoy: that since less than 50 per cent of the total bond issue was voted in favor of the Gefaell-Aldrich offer it was the duty of the court to enquire fully into the merits and propriety of the offer.

Say Judge Erred

The notice states: "The judge erred in permitting the votes of the holders of approximately 46 per cent of the issued and outstanding bonds to control and deal with the rights of the bondholders as against the objecting votes of holders of 14 per cent of the issued and outstanding bonds and without due regard to the fact that the holders of approximately 40 per cent of the issued and outstanding bonds did not vote at all or express their views as to the so-called offer and without due regard to the fact that subsequent to the meeting holders of approximately 22 per cent of the issued and outstanding bonds expressed their disapproval of the so-called offer, though some of their votes had been cast by proxy in favor of the said offer."

Bond Redemptions

Bond Issues:	Rate	Year	Date	Price
Matapedia Val. L. & Pr.	6½%	1944	Feb. 3	102½
Ham. By-Prod. .	7%	1943	Feb. 1	102
Mt. Royal Tunnel	5%	1970	Apr. 15	100
Eaton Realty ...	5%	1949	Feb. 1	100
Lincoln Pulp ...	7½%	1942	Feb. 1	103
Georgetown C. Pap.	6½%	1947	Feb. 1	102
Gartshore-Thom. Pipe	6½%	....	Feb. 1	102½
United Amuse. ..	6%	1942	Mar. 1	103
Mtl. Pr. Cons. A	5%	1951	Apr. 1	104
N. B. Power	*5%	1937	Jan. 30	103
Paton Mfg.	6%	1953	May 1	103

*For sinking fund, $11,937.

Stocks Issues:	Rate	Stock	Date	Price
Can. Dredge & D.	7%	Pref.	Jan. 31	107½

Bond Tenders

4 p.m., Jan. 28, Hull, Que.—$130,500, 4½ per cent bonds, approved by the Quebec Municipal Commission, due serially from Nov. 1, 1936 to Nov. 1, 1935. H. L. Leblanc, city clerk.

Joins Trust Board

HAROLD CRABTREE

President of Howard Smith Paper Mills, who has been elected a director of the Montreal Trust Co.

Dominion Sells Treasury Bills At Record Price

The Dominion government is now borrowing at the lowest rate in its history.

Through the sale of $25 millions of treasury bills on Jan. 15 the federal government secured the cheapest money it has yet obtained, the cost basis of 1.159 per cent being a new low record. It compares with the previous low of 1.171 per cent achieved in November, 1935.

The low rate achieved reflects a strengthening in the market for Dominion government bonds and a continuance of a large volume of idle fund.

Sales of treasury bills since Sept. 1, 1935, are tabulated below:

Treasury Bill Sales

Amount $000,000	Date Sold	Price $	Cost %
25	Jan. 15/36	99.71	1.159
25	Dec. 31/36	99.705	1.198
20	Dec. 15/35	99.67	1.249
20	Nov. 15/35	99.68	1.171
30	Nov. 1/35	99.672	1.302
20	Oct. 15/35	99.64	1.411
15	Sept. 28/35	99.635	1.363
20	Sept. 10/35	99.68	1.287

CANADA VINEGARS EARNINGS SLICED BY COMPETITION

May Make Interim Reports; Dividend Cut to $1.20

C. L. Carsley president of Canada Vinegars Ltd., announced at the annual meeting that price-cutting due to increased competition was responsible for the reduction in the company's earnings to $1.22 a share in 1935 from $1.62 a share in 1934. Gallonage, he said, had been maintained.

H. E. Wallace of Watson, Wallace & Co., Toronto Stock Exchange firm, protested that the company should give more frequent indications of the trend of earnings. Mr. Carsley explained that interim statements had not been issued because results in the early part of the fiscal year did not give a correct indication of earnings for the full year. He agreed, however, that further consideration should be given to the matter of issuing more frequent statements.

Dividend Reduced

The request for more frequent information arose as a result of the drop of earnings in 1935 which, when announced, caused the shares to decline sharply.

Mr. Carsley announced a reduction of the dividend to $1.20 from $1.60 a share annually. The company, he thought, would be able to maintain the new rate. The next dividend is 30 cents a share payable March 1 to shareholders of record Feb. 15.

L. L. Carsley was elected a director of the company to succeed F. H. Yapp, Hamilton, who retired because of ill health.

Bond Sales

Diocese of Alexandria

The Roman Catholic Episcopal Diocese of Alexandria has sold $249,800 of four per cent serial bonds, due Jan. 2, 1937-49, to Harris, MacKeen & Co. The bonds are being offered at 100 to yield four per cent.

Treasury Bills

The Bank of Canada has announced the sale of $25 millions of Dominion of Canada treasury bills, due April 15, 1936, at 99.71, a cost basis of 1.159 per cent.

For the Bondholder

A Bond Switch

International Power Earns Interest Despite Exchange Problem — Dominion Gas Revenue from Dividends

The Financial Post has been asked regarding the advisability of switching International Power 6½ per cent bonds into Dominion Gas & Electric 6½ per cent bonds.

International Power Co. bonds at the moment sell for more than Dominion Gas & Electric bonds do. The bid is 96½ without an offering price and a point or two more might be obtained. Dominion Gas & Electric 6½ per cent bond quotations have been about 85½ bid, 88½ asked. In other words, they offer a higher return. Do they offer equal security?

International Power Revenue

International Power is a holding company. It derives its income from dividends and interest from controlled companies.

Last year, net income covered interest on the debentures 2.26 times, which is a comfortable margin of safety. Another reason for the firmness of the debentures is the possibility that they may eventually be called at 105 and refinanced at perhaps 5 or 5½ per cent.

If this were done a buyer now would get nearly as large a profit as from a switch into Dominion Gas bonds.

One of the hazards to the investor in International Power debentures is the uncertain foreign exchange situation. The company's chief properties are securities of power and light companies in Venezuela, Bolivia, Porto Rico, Newfoundland and British Guiana.

Has Exchange Problems

The main consideration is that the company must convert income received abroad into Canadian currency. So far the company has had some disadvantages from conversion of foreign currencies.

A reserve of $271,518 had been set up against foreign exchange risks at the end of last year.

Despite the extraordinary exchange difficulties of the depression years, however, the company has been able to cover its debenture interest by a comfortable margin ever since its incorporation in 1926.

The debentures are not the first mortgage securities of the company, but are a direct obligation.

Dominion Gas Collateral

Dominion Gas & Electric Co. is also a holding company and it is controlled by an American holding company, International Utilities Co. The latter is in turn mainly controlled and managed by officers of Chandler & Co., a New York investment firm.

Dominion Gas & Electric 6½ per cent bonds are outstanding to an amount of $4 millions, it is believed. All the first mortgage bonds formerly behind this issue have been withdrawn as subsidiaries have refinanced directly. The proceeds of sales of new bond issues of subsidiaries have been used to pay loans and taxes and to retire some of these Dominion Gas bonds. By this process, bonds outstanding have dropped in the last two years from $7 millions to about $4 millions.

Draws Revenues from Stocks

Dominion Gas & Electric Co. must now get its revenue from large blocks of common stock in western Canadian utilities supplying electric power, light, natural gas and water to some 110 communities in Alberta, Saskatchewan and British Columbia.

Officers of the company state they are confident that the common stocks will provide revenue sufficient to look after all requirements of the Dominion Gas bonds.

Sources of Income

Dominion Gas requires $260,000 annually for interest on $4 millions of its bonds. In 1934 one subsidiary, Canadian Western Natural Gas, Light, Heat & Power, earned $257,000.

If Canadian Western continues to pay $2 a share on the common shares held by Dominion Gas, this would amount to $151,000 annually. Dominion Gas also collects about $83,000 annually in management fees from subsidiaries.

The earnings of Canadian Western and the management fees would cover the Dominion Gas interest if they are maintained.

Dominion Gas holds eight per cent preferred shares of Northwestern Utilities, but these are not paying dividends. For the same reason, its holding of Northwestern Utilities common stock, through Edmonton Utilities, is also unremunerative at the moment.

If full preferred dividends were resumed by Northwestern Utilities, added to the Canadian Western common dividends, it would enable Dominion Gas to cover its bond interest.

Income Outlook

Northwestern Utilities, as an available source of income, looks better now than it did a year ago.

Franchise troubles with Edmonton are over for five and probably for ten years. An exclusive franchise was extended by the legislature until 1945 when it becomes non-exclusive and the right of the city to buy out the enterprise does not recur until 1940.

Rates have been getting lower in recent years but the company is helped by the refunding of bonds.

The bond interest rate will not be lower for some years but the company will only have to provide one-third of the $200,000 originally necessary to take care of sinking fund yearly. That will enable the company to pay off in three years $250,000 of three-year 7 per cent notes. After that time, revenue exceeding $130,000 yearly will be released.

Summary of Situation

Summarizing, after collecting management fees, the holdings of Dominion Gas in Canadian Western Natural Gas earned enough in 1934 to cover interest on the Dominion Gas bonds. Sooner or later there should be more revenue from Northwestern Utilities.

Working capital deficits of Dominion Gas and its subsidiaries are not encouraging but as the chief current asset, Natural Gas, does not appear as such, the situation may be stronger than it looks at first glance.

While Dominion Gas hasn't the exchange problems of International Power, neither has it as great an earning power at present. This is a clear reason why International Power bonds sell at a higher price than the Dominion Gas bonds.

Corrugated Paper Box Arrears Plan Passes

Shareholders of the Corrugated Paper Box Co. have approved a plan for issuing arrears certificates for $33.25 to each preferred share, representing dividends accumulated on the stock. An amendment to the original plan was adopted, providing that no dividends may be paid on common shares while any arrears certificates are outstanding.

About 70 per cent of the outstanding preferred shares were represented at the meeting, and only one dissenting vote was cast.

International Pete Output Increases 900,000 Barrels

International Petroleum earnings in 1936 will be much larger if the increases of from 10 to 15 cents a barrel in crude oil prices hold throughout the year in the mid-Continent field of the United States. International Pete's prices are based on Mid-Continent quotations.

A ten-cent gain on every barrel would be equal to $3.2 millions on 32.4 million barrels produced during 1935 though 1936 production might exceed or fall under that figure. A 15-cent gain would be equivalent to $4.6 millions additional to profits if 1936 output equals 1935.

In the last half of 1935 there was a falling off in production as compared with the same months of 1934 in both countries but particularly in Colombia. It is a fractional loss, however, and is not important. The gain for the year as a whole was nearly 900,000 barrels. The figures are as follows:

Crude Oil Production (in barrels)

	1934	1935
Peru for year	14,130,102	14,756,914
Last 6 mos.	7,503,726	7,501,676
Colombia for year	17,340,724	17,597,654
Last 6 mos.	9,799,804	8,972,835
Total for year	31,470,826	32,354,568
Last 6 mos.	17,303,530	16,474,511

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Sold	Sold to	Rate	Due	Amount	Price	Yield
Regina	Jan.	Sinking Fund	....	....	$377,000	$100	.....
West Gwillimbury, Twp. of, Ont.	Jan.	J. L. Graham & Co.	4½%	21-ins.	15,914	101.75	4.31%
R. C. Episcopal Corp. for the Diocese of Alexandria	Jan.	Harris, MacKeen & Co.	4%	1937-49	249,800	*100	4%
Dominion—							
Canada Treasury Bills	Jan.	....	....	Apr. 15 '36	25,000,000	99.71	1.159%

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Stock Issues—	Date Issued	Offered by	Rate	Class	Amount	Price	Yield
National Gas Utilities of Canada	Jan.	Direct	....	....	100,000 shs.	50c	....
Bilmac Gold Mines	Jan.	Colling & Colling	....	Treas.	100,000 shs.	25c	....

*Offering price.

We offer:

DOMINION OF CANADA 3¼% BONDS

DUE 15 JANUARY, 1961
PAYABLE IN NEW YORK
PRICE AT MARKET
ABOUT 98.25 AND INTEREST

BELL, GOUINLOCK & CO. LIMITED
MONTREAL 25 KING STREET WEST WINNIPEG
TORONTO, CANADA
TELEPHONE: ELGIN 2236

Order your copy of The Financial Post 1936 BUSINESS YEAR BOOK now! It contains over 60,000 up-to-the-minute facts about Canadian trade, finance, industry, agriculture, insurance, taxation and other aspects of the life of the nation in ready-reference form.

Foreign Exchange Markets

The Canadian dollar continued to show strength last week, buoyed up chiefly by demand to cover wheat shipments and further rumors of inflation abroad. The franc declined but the quotation is still above the gold point. In view of a possible cabinet shake-up a further drop would seem to be indicated.

FOREIGN EXCHANGE AT TORONTO AND MONTREAL

	Par $	Jan. 14	Jan. 15	Jan. 16	Jan. 17	Jan. 18	Jan. 20
U. S. dollar, High	.5906	1.00 1/32	1.00⅛	1.00 1/16	1.00 1/32	1.00 1/32	1.00 1/16
Low	.5906	1.00 1/32	1.00 1/32	1.00	1.00	1.00	1.00
1934, High	.5906	0.98 15/16	0.97⅞	1.00 1/16	1.00	0.99 15/16	0.99 15/16
Low	.5906	0.99 15/16	0.99¾	0.99 15/16	0.99 15/16	0.99 15/16	0.99 15/16
U. K. pound	4.8665	4.97	4.97	4.96	4.95¾	4.96	4.95
Argentina	.4246	.2713	.2707	.2707	.2717	.2718	.2720
Australia	4.8665	3.9671	3.9704	3.9616	3.9593	3.9561	3.9520
Austria	.1407	.1892	.1892	.1888	.1888	.1886	.1884
Belgium	.1392	.1695	.1697	.1696	.1690	.1692	.1690
Brazil	.1963	.0550	.0555	.0555	.0550	.0550	.0560
Czechoslovakia	.0296	.0416	.0416½	.0417	.0416	.0415	.0415
Denmark	.2680	.2219	.2221	.2215	.2213	.2213	.2209
France	.0392	.0663	.0664	.0663	.0661	.0661	.0660
Germany	.2382	.4043	.4048	.4040	.4035	.4036	.4033
Greece	.013	.0095	.0094¾	.0095	.0095	.0095	.0095
Holland	.4020	.6826	.6834	.6830	.6805	.6810	.6798
Hungary	.1749	.2988	.2988	.2985	.2985	.2985	.2960
India	.3650	.3789	.3765	.3782	.3781	.3778	.3772
Japan	.4985	.2913	.2913	.2933	.2930	.2925	.2923
Jugoslavia	.1929	.0230	.0230½	.0230	.0230	.0230	.0230
New Zealand	4.8665	4.0070	4.0105	4.0015	3.9992	3.9959	3.9919
Norway	.2680	.2497	.2502	.2492	.2491	.2491	.2487
Poland	.1122	.1898	.1899	.1898	.1896	.1895	.1894
South Africa	4.8666	4.9439	4.9481	4.9371	4.9342	4.9302	4.9253
Spain	.1929	.1373	.1376	.1374	.1370	.1370	.1367
Sweden	.2680	.2562	.2566	.2558	.2557	.2556	.2552
Switzerland	.1930	.3268	.3272	.3270	.3261	.3264	.3261
Hong Kong	.5422	.3253	.3273	.3270	.3225	.3220	.3235

THE TORONTO GENERAL TRUSTS CORPORATION

54th Annual Statement

Profit and Loss Account
For the Year Ended 31st December, 1935

Balance brought forward from 31st December, 1934		$ 109,719.21
Net Profits for year, after deducting Management Expenses, Directors' and Auditors' fees, advertising, rents and all other charges		226,773.88
		$ 336,493.09

APPROPRIATED AS FOLLOWS:

Quarterly Dividends Nos. 155, 156, 157 and 158	$ 150,000.00
Amount provided for Federal, Provincial and Business Taxes	35,000.00
Balance carried forward	151,493.09
	$ 336,493.09

Balance Sheet, 31st December, 1935
ASSETS

CAPITAL ACCOUNT:

Office Premises and Safe Deposit Vaults at Toronto, Ottawa, Winnipeg, Saskatoon, Calgary and Vancouver		$ 2,000,000.00	
Rents due and accrued		9,670.24	
Real Estate Held for Sale		1,228,898.84	
Mortgages: Principal	$ 67,520.00		
Interest Due and Accrued	7,152.99		
		74,672.99	
Agreements for Sale: Principal	$ 285,077.52		
Interest Due and Accrued	19,949.53		
		305,027.05	
Agreements for Sale (Conditional)		682,688.99	
Loans or Advances to Trust Estates		311,042.84	
Transfer Fees Receivable		48,001.63	
Cash in Chartered Banks	$ 48,476.27		
Cash on Hand	595.00		
		49,071.27	
			$ 4,709,073.85

GUARANTEED TRUSTS ACCOUNT:

Mortgages: Principal	$13,785,178.47		
Interest Due and Accrued	920,242.53		
		$ 14,705,421.00	
Dominion of Canada and Provinces of Canada Securities		1,472,645.88	
Canadian Municipal Debentures		3,195,294.03	
Debentures, Bonds and Stocks		355,488.41	
Loans on Securities of Dominion, Provinces and Municipalities of Canada		599,937.49	
Loans on Bonds and Stocks		313,696.43	
Cash in Chartered Banks	$ 1,025,927.53		
Cash on Hand	30,527.17		
		1,056,454.70	
			21,698,937.94

ESTATES, TRUSTS AND AGENCIES:

Investments and Cash in Chartered Banks	$ 77,161,283.17	
Original Assets of Estates and Agencies at Inventory Value	131,865,062.84	
		209,026,346.01
		$235,434,357.80

LIABILITIES

CAPITAL ACCOUNT:

Capital Stock	$ 3,000,000.00	
Reserve Fund	1,500,000.00	
Dividend No. 158, due January 2nd, 1936	30,000.00	
Reserve for Federal and Provincial Taxes	13,985.63	
Unearned Rents and Accrued Liabilities	13,595.13	
Profit and Loss	151,493.09	
		$ 4,709,073.85

GUARANTEED TRUSTS ACCOUNT:

Funds held under Guaranteed Investment Certificates	$ 15,370,005.55	
Funds on Deposit	6,328,932.39	
		21,698,937.94

ESTATES, TRUSTS AND AGENCIES:

Trust Funds for Investment or Distribution	$ 77,161,283.17	
Inventory Value of Original Assets of Estates and Agencies under Administration by the Corporation	131,865,062.84	
		209,026,346.01
		$235,434,357.80

Thomas Bradshaw, *President* W. G. Watson, *General Manager*

The Financial Post

Member Audit Bureau of Circulations
Editor—Floyd S. Chalmers
Business Manager—D. M. Gowdy

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TORONTO, JANUARY 25, 1936

Buttons on Shabby Coats

THE Newmarket Era challenges the view of The Financial Post that the basis of taxation should be broadened so as to bring the alarming increase in the cost of government home to the man on the street. Says The Era:

"What we really need in this country, one understands from The Post's article, is a tax that would squeeze the buttons off the poor man's shabby coat. Then he would vote for economy and the cutting down of relief and the giving of the expensive C. N. R. to the C. P. R."

The "poor man" who buys buttons for his coat does not realize that contained in that button are possibly two score different taxes which have been paid and are being passed on to him. The Financial Post is concerned with finding ways to make him realize that fact. We do not like the present tendency of politicians to make it appear that he is untaxed.

Why is the poor man's coat shabby? Is it not because opportunities for employment are so scarce? What he wants most is a chance to work at good wages. The diversion of one-third of the national income to governmental expenses is so restraining enterprise and investment that the opportunities for employment are restricted.

The Financial Post's most earnest endeavor is to make people realize that shabby coats will be shabby coats until industrial production can be stimulated by restoration of confidence and enterprise through tax reduction.

A Political Poorhouse

THE Board of Railway Commissioners is little heard from these days. When its voice is raised it is usually to protest against some desirable measure. The Board has become almost moribund and to the extent that it is not moribund it is dangerously close to being obstructionist. The intention of Hon. Clarence D. Howe, minister of transportation, is to reduce the size of the board, to eliminate most of the expense of operating it, and to quicken it into more serviceable activity.

At various times and under certain chairmen, the board has been a great institution, handling problems of railway development, freight rates, utility charges, etc., in a splendid manner. In recent years, under political appointees, it has been little more than an expense to the taxpayer. Probably not one business man in a thousand could name so much as one member of the board, much less its chairman although he was appointed only a scant few months ago when some of the wearied politicians who did not desire to face the rigorous battle promised for the last election were granted surer sources of income.

Recently the board has appeared in public with certain decisions. They related to the pleas of the Canadian National Railways to be permitted to abandon certain short branch lines that are no longer needed and no longer profitable. Citing yellowed documents relating to the establishment of the lines, the board averred that it could not interfere with implied contracts of the last century and turned down the applications. Such lack of realism is not in itself a reason for a shakeup in the board although it is corroborative evidence of the whiskered red tape of its sleepy life.

Mr. Howe will have plenty of support if his proposed reorganization of the Board makes it a more vital public service body. But he, too, must avoid the danger of making the new board, like the old one, a county poorhouse for life-weary politicians.

Taxing the Tax Free

A UNITED Church minister at Saskatoon comes out for the taxing of churches and all church property, such as manses and rectories. He feels, according to the Regina Leader-Post, that churches have a privileged position in paying no taxes. He feels churches and church supporters would have warrant for greater self-respect if church property were taxed.

He appears to think taxing of churches would be a good thing for the church itself. He thinks it might close up some churches now slimly attended and perhaps make for greater efficiency in the matter of church location. He appears to think it might spur the church to more vigorous and perhaps more enterprising effort.

Mayor McBride, of Toronto, has announced that he will ask the Special Civic Committee on Assessment and Taxation to "at once seriously consider and report on" the advisability of securing legislation to compel the Toronto Hydro and T. T. C., the two public utilities, to pay the same taxes as privately incorporated companies.

The Mayor also said he would ask the committee to report on the advisability of increasing water rates and compelling the taxpayer to at least pay what it cost him for water supplied by the city, now supplied to him at lower than cost.

The general public is probably not yet prepared for proposals to tax churches and institutions of learning. But there should be no question as to the taxation of publicly-owned utilities. Unless they bear all taxes that a private company in the same field would bear the public has no way of knowing just what its services are costing it. If the utility escapes taxation the burden is simply shifted to the taxpaying public in another way.

Ideally, there should be no tax exemptions for anyone. People ought to know the cost of maintaining different types of institutions. Part of that cost is concealed when the expense of public service provided to any institution is shifted to other institutions.

Repudiation Cannot Help Cities to Recover

RECENT repudiatory policies by debtor municipalities have the dubious value of achieving nothing but notoriety.

Niagara Falls city council has proposed to default all its bond interest in 1936, although the city's finances have improved considerably. While Niagara Falls may not be allowed to sidestep its obligation to pay interest which it is fully capable of meeting, the effect of the council's proposal is adverse to the city's future.

Niagara Falls will have to work hard to re-establish its credit, because of default of principal. No progress along this line will be achieved by the proposal to repudiate interest obligations.

Calgary city council recently voted support of any move that the Alberta government might make toward compulsory reduction of interest rates on outstanding debentures. To their credit, several members of the council were strongly opposed to the motion. It was passed on the casting vote of Mayor Andrew Davison.

Calgary's finances are not in a satisfactory condition, and eventually it is possible some debt adjustment for the city may be proposed. Meanwhile, however, the council is merely making its task more difficult in taking a stand for coercion of creditors.

How long will it take such municipalities to realize that the proper method of rehabilitating their affairs is to adopt policies of rigid economy and then to approach creditors in an honest spirit of co-operation?

Maritimes' Good Record

NOVA SCOTIA, in a recent advertisement, explains why its bonds are a safe form of investment in these words:

"Neither the province nor any one of its municipalities has ever defaulted on payment of interest on its bonds.

"These are safeguarded by sinking funds, by the natural wealth of the country, and by the character of the people. Nova Scotia has an honorable past and an assured future."

The other two maritime provinces, New Brunswick and Prince Edward Island are entitled to make the same proud claim.

A few years ago it would have seemed unnecessary for any province to point to its honesty. This most precious asset was taken for granted. The very fact that the honesty of some government and municipal debtors has been questioned seriously makes it valuable for those who have retained their honor to emphasize it.

Beating a Retreat

RECENTLY we revealed that one of the larger brewing companies owned an interest in certain publications, presumably to control the influence of those publications in the sale of the company's beer. We now learn that the brewing firm is endeavoring to get rid of its interest in these publications. We wish them luck. No company ought to use such crude methods in an attempt to influence public opinion. The funds of the shareholders should not be used for questionable methods of propaganda. The attempt to sell out is a move in the right direction. It should be pressed and the company should not again involve itself in a similar situation.

Goodwill Carriers

GREAT BRITAIN likes to have the sons of Indian princes in her schools. When they go back to India they have learned to appreciate British ways in government and living.

Italy educated King Fuad of Egypt and sought earnestly to have Fuad's son go to school in that country. Fuad is understood to have friendly feelings toward Mussolini and Europe's marginal power that Il Duce rules.

We in Canada have no political or national motive for inviting the heirs of princes or the sons of kings to study at our schools. But we have none the less many foreigners in our universities. Young men and women come from China, Africa, Japan, India and other countries in increasing numbers. When they return to their own countries they will exercise throughout the remainder of their lives a quite considerable influence. This influence will be friendly or cordial to Canada if they enjoy and profit from their association with their fellow students and professors.

Thus Canadian college students who help to make the visits of these young men and women happy and profitable are good salesmen for Canada. Their efforts will be repaid to the nation as we seek, in future years, to build up larger markets for the products of our farms and factories.

Not the Same

IN SUPPORT of the scheme to confiscate a major portion of the capital lent by investors to the city of Windsor, the Windsor Star says that Thomas Bradshaw, noted authority on municipal finance, recommended reduction of both principal and interest in various Windsor area municipalities.

Two of these municipalities, says the Star, are included in the new Windsor. The implication suggested is that Mr. Bradshaw recommended reduction of principal of bonds of both East Windsor and of the town of Sandwich.

Mr. Bradshaw did suggest a 25 per cent reduction in principal of Sandwich bonds, the remaining 75 per cent to be refinanced at three per cent.

On the other hand, he suggested no reduction in East Windsor bonds. And he recommended that they be refinanced at 3½ per cent.

The Windsor scheme proposes that 65 per cent of the principal of Sandwich bondholders and half the principal of East Windsor bondholders be wiped out; and that the remaining debt be refinanced at three per cent.

It seems little short of fantastic to attempt to twist Mr. Bradshaw's recommendations into support for the confiscatory Windsor scheme.

Editorial Notes

The Toronto Globe apologizes for having published a flippant, slangy editorial concerning the Conservative party. It is a gesture in keeping with the high character of The Globe's editorial page, which is widely read because of its sincerity, good-temper and respect for the best English usage. Almost never does The Globe descend to vilification, to cheap partisanship or to unmoral purpose. In fact it is the traditional honesty of The Globe's editorial page that has made it difficult for many of its warmest friends to understand its unreserved approval of the Hepburn-Roebuck policy of repudiation.

* * *

"British Columbia and Alberta are trying to pay five and more per cent on debts while other governments, closer to money centres, are able to borrow for two and three per cent.

"Scaling down of debts and unpayable interest rates is as much a part of ordinary business as replacing obsolete machinery. The British do it just as a job of work. The United States government has done it on a colossal scale in public and private debts.

"Why should a virtue in Britain and in the east become a sin out west?"—*Vancouver Sun.*

Refunding at lower rates of interest would be available to British Columbia and Alberta if they had managed their affairs in the way that Britain has managed hers. Even today lower interest rates are available to these provinces on the same terms as Britain obtained. One of the terms was balancing of the British budget. Another was an honorable effort to meet all obligations without repudiation.

* * *

Premier King plans to change the Bank of Canada from a private to a publicly owned institution, ignoring The Financial Post's post-election advice to forget his election promises.

Premier King did not promise the public ownership of the Bank but its "nationalization." This could be accomplished simply by a change in the method of appointing directors.

* * *

The Financial Post has pointed out on numerous occasions that the Ontario Gazette, published by the provincial government, is a form of a racket which exceeds its needed functions. This is exemplified by the recent experience of the city of Oshawa. Out of lands advertised in the Gazette, on which arrears and costs amounted to about $65,000, the city actually sold less than $300 worth. The cost of advertising the sales was $505, or $205 more than was actually received. All but a few dollars of this went to the Ontario Gazette.

Sayings of the Week

"Military power is the sole insurance for peace."—*Gen. William Mitchell.*

* * *

"Personality is only important to people who have not got any."—*G. K. Chesterton.*

* * *

"Pride of birth or wealth undermines the dignity of man as man."—*Beni Prasad.*

* * *

"It is good for us, every now and then, to see our ideals laughed at."—*Aldous Huxley.*

* * *

"If we demand miracles, we must be prepared for quack remedies."—*James P. Warburg.*

* * *

"The world is neither favorable nor hostile to our plans; it is indifferent."—*Andre Maurois.*

* * *

"The people who make wars never have trouble getting the money to do it with."—*Gen. Smedley Butler.*

* * *

"You can be futile with a billion dollars and helpful with a nickel, or the other way around."—*Channing Pollock.*

* * *

"National economic planning does not necessarily postulate complete socialization of production."—*Beni Prasad.*

* * *

"The masses of the American people have not got the purchasing power to eat more and better food."—*Franklin D. Roosevelt.*

* * *

"Safety from future wars cannot be secured by muzzling bankers or disabling munitions makers."—*Newton D. Baker.*

* * *

"No perfect social organization can be postulated. Man will always move onwards and every possible state will be but the earnest of what is to follow."—*Beni Prasad.*

* * *

"More American capital is invested in Canada than any other nation has staked. And Canada makes good on the investment."—*Frank Chapin Bray, in the New York Times.*

* * *

"The very last thing a public man likes to do is get out of step with his political friends. I have done it at least twice. I will do it again, if necessary."—*Ramsay MacDonald.*

* * *

"Ample experience teaches that placing delinquent youths in reform schools is not the answer to the problems of juvenile delinquency."—*George E. Q. Johnston, prosecutor of Al Capone.*

Social 'Crediters' Offer Shares in Daily Paper

Aberhart Party Purchases Calgary Albertan and Radio Station—Public Stock Offering

By T. B. WINDROSS

EDMONTON.—For the first time in the history of Canadian journalism the ownership of a daily paper is being offered to the public through the sale of preferred and common stock.

The Calgary Albertan only morning newspaper in Alberta, along with its radio station CJCJ, has been purchased by a group of Social Crediters and merged with the weekly Social Chronicle.

Premier William Aberhart, has again demonstrated his skill in political tactics, despite his often repeated statement that he is not a politician. He has found a medium through which he can have his side of every bit of governmental news presented according to his heart's desire.

He has stated, however, that neither himself nor any member of the provincial cabinet has a share in the new publishing venture. He is not in any way interested financially in it, and it will not be a government owned newspaper, such as are to be found in Italy and Germany. But the premier was doubtless well posted as to what was going on behind the scenes in connection with the purchase of the Albertan.

In a recent broadcast from his Prophetic Bible Institute Mr. Aberhart asked the people of Alberta if they would give their support to a newspaper owned by themselves.

Started 1902

First issue of the Albertan as a morning newspaper was on April 10, 1902. It was then called the Morning Bulletin. Since that time the paper has had a career of usefulness under several ownerships. It will continue as a morning paper and will have an increased circulation through absorbing the Social Chronicle, which has a weekly circulation of 16,000.

As Others See Us

A Game of "Strip Poker"
Ottawa Journal

The Toronto Financial Post carries an excellent cartoon showing the taxpayer sitting in to a game of "strip poker" with the local governments, the provinces and the Dominion. The provinces and the local governments appear to be doing reasonably well, judging by their attire and the chips in front of them, but the Dominion Government is down to shirt and braces, while the poor taxpayer, one lone chip before him, has nothing on but socks and underwear.

The thing is funny—providing one doesn't think about it.

Increase in Salaries
Brampton Conservator

Referring to the increase in civil servants' salaries proposed by the Ontario government The Financial Post remarks that the cut in the salaries of servants of the province was not as great as those in other occupations were required to take, and also that the increases proposed must be provided out of taxes. "The simple truth is," says The Post, "that in order to pay the increases in the governmental service, private individuals in other occupations will have to keep their own belts tightened that much longer." It is nowhere contended that the remuneration of civil servants is excessive. But it is urged that as they have a guaranteed salary, and can regulate their expenditures accordingly, they are much better off than those depending upon employment with private corporations.

The present Ontario government was pledged to reduce the number of employees in the public service and to effect economies wherever possible. It is now contended by Col. Price and other members of the legislature that there are as many persons now in the service as there were under the former administration and that in several instances salaries have been increased. This is a matter likely to engage a good deal of attention at the coming session of the legislature.

The Chance Was There
St. Catharines Standard

In The Financial Post this week Lt.-Col. George A. Drew, K.C., former Securities Commissioner of the province lays bare a condition which existed on the stock market in regard to the cancellation of the Quebec power companies' contracts. As will be noted, the case is carefully stated:

"It would be very simple for anyone to make money if one could be certain of what was going to happen in a horse race or on the stock exchange. In that single fact lies the possibility of a great public scandal when one considers the methods adopted in cancelling the power contracts."

Col. Drew charges no one, but insists that the opportunity for those on the inside to speculate on a sure thing should not have been presented. The Colonel has made a very serious statement without any direct charge; it is that kind of a statement in which either too little or too much has been said. When the session of the legislature gets into full swing, it is broadly hinted that the opposition will direct attention to the subject.

Canadian Magazines
Ottawa Citizen

No body of business men in Canada has had a more difficult time than the publishers of periodical literature. The publishers operate under disadvantages that are extremely trying and which are peculiar to Canada.

Something of their present position is told in The Financial Post. It is shown that the Canadian magazine publishers are faced today with a problem which threatens the gains they have made during the last five years under the protection afforded them by the late government during the depression. That protection has been removed by the Canadian-United States trade agreement which goes in to effect next week and which is already in effect with regard to magazines.

But the Canadian magazine publishers are not asking that this protection be restored. They are asking that the extra tariffs and taxes which have been heaped upon them during the depression—taxes which they bear and that their United States competitors do not bear, even when they sell their product in Canada—be lightened or taken off altogether. It seems a reasonable request, and can be done in the true spirit of the trade pact.

It was in 1931 that the late government imposed duties on imported periodicals. It was not a popular move, ,but it had the effect of reducing the importation of United States magazines by over 60 per cent and increasing the circulation of Canadian magazines by a like percentage. With this jump in sales, the magazines very definitely improved. The gains made were mainly used to improve printing and contents.

But with the barriers down again the magazines are threatened with extensive losses which no appeal on grounds of merit can offset. The Citizen was not in favor of the 1931 tariff imposts, but it is of the view that the current request of Canadian periodical publishers ought to meet with a sympathetic hearing from the federal authorities. They are asking for fewer trade restrictions.

Parliament Under "P.R."
Kitchener Record

The Financial Post has worked out an interesting table to indicate how the various parties would be represented in Parliament if they had been chosen in proportion to the total vote received.

Under proportional representation the Liberals would be nine short of a majority over all. None of the other groups, even the three largest, could successfully form a government. The administration would have to be patched up some way with the Grits having to woo the favor of one of the third parties. So from the standpoint of needing a strong government it is a good thing that "P.R." wasn't in the election rule book.

Annuities Below Cost
Durham Chronicle

A writer in The Financial Post complains because that journal recently took exception to the present government annuity system, with a limit of $1,200 a year, and says the Liberal government, which favors larger annuities may increase the amount allowable to $5,000 a year.

The Post has a healthy comeback to its vitriolic correspondent who insinuates its position on annuities is caused by the representations of insurance company advertisers, when it says it is sympathy for the taxpayer which prompts its opposition. The Post says it protests against these annuities because they are sold at far less than cost and which are picked up generally by "well-informed, often wealthy men," and that it has never received any of the representations from insurance advertisers as charged.

The stand taken by The Post is a good one. As it states, the annuity department is unknown to most Canadians, and certainly those whom it might best serve. If the government is going into the insurance business, it should at least have fair rates, and should not take advantage of private business of a like nature, which, if there is a loss, has to make it good out of company funds. The government, on the other hand, has simply to place the deficit in the estimates and it is paid by the general taxpayer, most of whom have insufficient funds to purchase an annuity, even at bargain prices.

Maritime Trends
Halifax Herald

In a survey of the position of the municipalities in the Maritimes, The Financial Post states that these provinces have the best municipal debt record in Canada, and that they are without a default problem.

The Post believes the notable record is due to several factors—but primarily to the "character of the people, who with a background of tradition and conservatism in all things have saved their money while they were earning." This accumulated capital "has helped to tide them over the difficult period of the depression."

One may think when The Post says, "never carried away by excessive optimism, municipal bodies have not embarked on expensive and unnecessary services," it comes closer to the facts.

The Maritimes are fortunate, as in many other respects, in not being a natural field for speculators or booms or bonuses. It would not be correct to claim that the stock market has not had its victims, but neither has it been the case in these parts that there was any wholesale ambition "to get rich quick."

Since, therefore, the "good-times" curve did not rise as high as in the rest of Canada, in the depression it did not have so far to fall.

It has proved true, as has been said more than once, that affairs in the Maritimes, year in and year out, move along in the even tenor of their way.

The Post's conclusion is that even now "the trend of business down by the sea is above the general level for Canada." The situation, however, still calls for extreme care and caution in all plans involving both private and public expenditures.

Stop Me If You've Heard This One

They were discussing the North American Indian in a rural school, when the teacher asked if anyone could tell what the leaders of the tribes were called.

"Chiefs," answered one bright little girl.

"Correct, Now, can any of you tell me what the women were called?"

There was silence for some time, then a small boy waved his hand for recognition.

"Well, Frankie?" said the teacher.

"Mischiefs," he announced proudly.

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are meeting with constantly increasing demand on the part of the tanning and leather goods industries and are widely used for glove making. To tanners, also, her

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Inquiries are invited by the Trade Commissioner for the Union of South Africa, 214 St. James Street West, Montreal, P.Q.

BUY FROM A SISTER DOMINION

Week in Business

Business Expects Legislative Changes

* * * *

Ottawa Determined on $100 Exemption

* * * *

Year-End Indices Fail to Show Weakness

As the opening of the federal parliament approaches and as various provincial legislatures swing into action the attention of business focuses on legislative changes likely to affect operations in 1936. Most important is the federal budget which despite earlier opinions to the contrary now holds promise of containing important changes affecting many industries and groups.

As indicated in stories elsewhere in this issue the four groups most likely to be affected are cotton textiles, artificial silk, oil refining, automobile and parts industries. In addition a number of upward revisions in the intermediate tariff on items affected by the U. S.-Canada trade pact are in prospect. Such commodities as potatoes and cut flowers are mentioned specifically. As yet there is no indication from Ottawa that furniture which was considerably affected by the treaty is to receive greater protection.

* * * *

Another matter affecting a great variety of business interests is the proposed legislation to be introduced at Ottawa permitting Canadian visitors returning from the U. S. to bring back merchandise valued up to $100. In Toronto this week various retail merchants waited on Hon. J. L. Ilsley, Minister of National Revenue to urge against such a step or that at least the amount of such purchases be drastically reduced, say to $25. Stress was laid particularly on the effect this legislation would have on small "gadget" merchandise. At the moment, however, the mind of the government seems bent on making the initial experiment on as broad a base as possible, the feeling being that any restrictions invoked by Canada will be reciprocated by the United States. Main points yet to be decided are the duration of the visit that will be allowed for qualification, and the number of such visits that will be allowed.

* * * *

Preliminary calculations of The Financial Post business index for December show continued strength in business operations at the year end. Mining, forestry and iron and steel plants contributed in considerable measure. External trade was weak reflecting uncertainty and postponement following the U. S. trade pact. No figures are available as yet to confirm expected hesitancy in the first quarter although carloadings for the first two weeks of the year are slightly behind corresponding figures for 1935 and 1934.

Business Indicators

Changes of the Week

(Compared with the same period last year)

Favorable:

Leading business indicators to show gains in December compared with the previous year include: iron and steel production, export trade, imports of crude petroleum and cotton; exports of planks and boards and newsprint. The Financial Post business index also showed a small gain.

Unfavorable:

Decreased activity in December compared with the previous year was seen in building permits in chief cities; total import trade and importations of raw rubber.

Leading Indicators as Compiled by The Financial Post

▲Denotes new figures this week.

	WEEKLY DATA —Latest—		—Cumulative Total— Jan. 1 to date	
Transportation—	1936	1935	1936	1935
Car loadings (Jan. 11)	▲40,221	40,790	74,679	74,707
C.P.R. gross earn. (Jan. 14)	$ ▲2,037,000	$ 1,934,000	$ 4,053,000	$ 3,281,000
C.N.R. gross earn. (Jan. 14)	$ ▲3,032,701	$ 2,733,684	$ 5,617,019	$ 5,170,271
Business Conditions—				
Weekly index D.B.S. (Jan. 11)	106.0	101.4	......	......
	MONTHLY DATA			
Business Conditions—	1935	1934	1935	1934
Financial Post index (Dec.)	107.4	106.7	......	......
Transportation—				
C.P.R. net earnings (Nov.)	$ 3,455,408	$ 3,441,828	$ 19,091,510	$ 21,212,614
C.N.R. net revenue (Nov.)	$ 2,335,158	$ 1,700,014	$ 12,130,957	$ 11,651,947
Iron and Steel (Dec.)—				
Pig iron production (tons)	▲70,647	42,364	599,794	406,995
Steel ingots and castings prod. (tons)	▲98,888	58,732	934,908	758,919
Automobiles (Number)—				
Passenger Car:				
Domestic sales* (Nov.)	5,180	1,155	77,602	59,854
Factory output (Nov.)	12,042	1,052	128,311	90,204
Trucks and Buses:				
Domestic sales* (Nov.)	805	556	16,729	11,322
Factory output (Nov.)	1,454	645	30,848	23,954
Exports (Nov.)	6,820	622	62,281	44,011
Construction—				
Building permits (Dec.)	$ ▲2,390,014	$ 2,521,820	$ 46,236,702	$ 27,457,524
Contracts awarded (Dec.)	$ 4,364,900	$ 6,062,200	$ 160,305,000	$ 125,811,500
Newsprint (tons)—				
Production (Dec.)	▲244,732	239,544	2,753,289	2,597,641
Exports (Dec.)	▲277,743	245,135	2,574,967	2,399,606
Sugar (lb.)				
Melting & shipments§	97,102,444	59,114,346	813,173,926	748,456,751
Manufactured§	137,439,534	105,306,254	891,945,739	818,790,114
Flour (bbls.)				
Production (Nov.)	1,603,803	1,703,831	13,251,583	13,701,857
Wheat flour exports (Dec.)	443,828	340,751	4,881,057	5,053,732
Trade (November)—				
Retail trade (index no. of sales)	72.2	69.9	......	......
Imports (Dec.)	$ ▲38,569,182	$ 39,107,248	$ 550,314,551	$ 513,469,497
Exports (Dec.)	$ ▲68,419,223	$ 61,275,223	$ 729,293,880	$ 653,312,228
Wheat exports (bush.) (Dec.)	17,043,882	17,336,206	165,173,111	167,912,369
Employment, D.B.S. Index (Dec. 1)				
All industries	104.6	98.9	......	......
Manufacturing	101.4	91.3	......	......
Electric Power Output (Nov.)				
Total monthly (000's omitted)	2,143,314	1,953,512	21,247,884	19,106,590
Aver. daily	71,444,000	65,117,000	......	......
Other Industrial Indices—				
Lumbering:				
Plank & board exports M. bd. ft. (Dec.)	▲111,523	98,238	2,237,041	1,367,602
Boot & shoe prod., pr. (Nov.)	1,706,149	1,316,118	20,146,700	17,321,807
Crude petrol., imp. gal. (Dec.)	▲55,639,590	47,613,461	1,156,790,504	1,075,157,969
Cotton imports, lb. (Dec.)	▲22,186,866	18,800,000	120,626,583	143,674,268
Raw rubber imp., lb. (Dec.)	▲5,745,825	6,380,712	60,189,503	63,701,154
Coal imports, tons (Nov.)	1,380,058	1,666,171	12,208,517	13,029,972
Finance—				
Bank debits (Nov.)†	$ 3,021,500	$ 3,092,200	$ 28,613,000	$ 29,826,494
Bond sales (Dec.)	$ 94,929,500	$ 46,777,239	$ 980,137,390	$ 651,763,840
Life insurance sales (Nov.)	$ 35,158,000	$ 35,863,000	$ 332,836,000	$ 342,023,000
Automobile Financing—				
Used cars (Nov.)	$ 1,036,453	$ 851,469	$ 16,975,445	$ 13,122,915
New cars (Nov.)	$ 1,249,825	$ 636,688	$ 21,132,012	$ 15,908,555

*D.B.S. All-Canada figure comprising over 90% of the Canadian total.
†000's omitted. §For 4 weeks to Nov. 30.

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The business of Newfoundland Light and Power Company, Limited, has shown stability and steady growth. Earnings for 1934, before depreciation, were more than 3 times annual interest charges on first mortgage bonds now outstanding.

We offer the Company's 4½% First Mortgage Bonds, due 1956, at 100 and accrued interest. Particulars on request.

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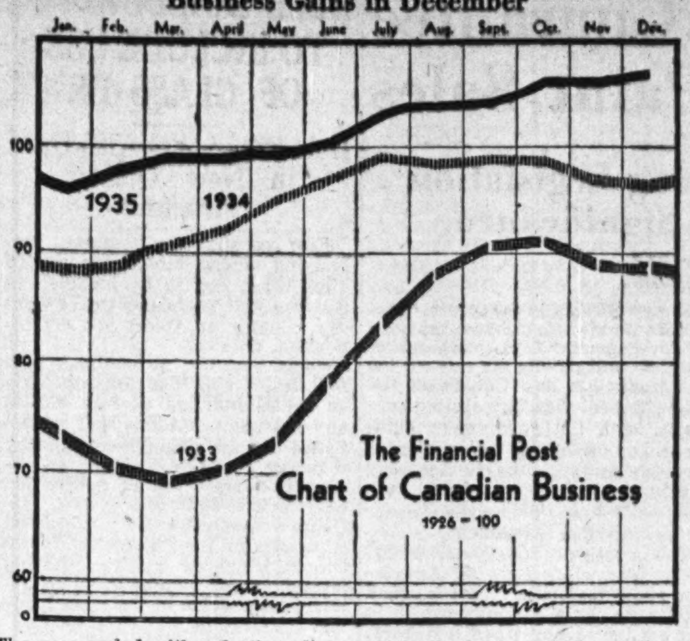
Business Gains in December



The year ended with a further slight gain in the business index ending a period of constructive achievement. The gain in the index during December was from 106.7 to 107.4.

High spots of December included the heavy shipment of silver by Canadian companies, the increase in the imports of raw cotton by the textile industry, adjusted gains in the exports of lumber and the heavy output of the primary iron and steel industry. The new business obtained by the construction industry was at a low level even for December, and external trade made a poor showing.

Background of Business

Autumn Motor Show

Success of 1935 Experiment Assures 1937 Models in November — Lumbermen and Engineers Meet

Definite decision to continue the early winter showings of new motor cars has been reached by the Automobile Manufacturers' Association in the United States. The first showing of 1937 models will be at the National Automobile Show in New York opening on Armistice Day, November 11 and closing on November 18.

No decision has been made officially by the Canadian motor manufacturers, but there is no reason to doubt they will follow the lead of the U. S. body, and again offer new season models in November instead of the following January, as was the case prior to 1935.

The only point at issue in Canada is whether to wait until the end of the New York show or open on a Saturday as customary heretofore. Reasons given by the U. S. industry for opening in mid-week are to permit a full Saturday for display and to give a chance for special newspaper publicity the previous week-end to be absorbed by the public and to permit subsequent publicity material the following week-end.

The official comment of the American body states: "While there have been some selling problems presented by the change the public reaction to the programme is far better than expected including, as it did, substantial increase in sales during the Christmas period."

* * *

Television Ahead

A recent year-end statement of David Sarnoff, president of Radio Corporation of America, indicated that the R. C. A. will bring television out of the laboratory in 1936 for the first comprehensive experimental field test in America.

"We are planning ahead," said Sarnoff, "bearing the expense of the test of our laboratory achievements under actual field conditions, so that when television is finally introduced on a commercial basis, the public will not be disappointed."

It is expected that at least a year or more will elapse before television receiving sets are made available to the public on a large scale.

* * *

Cellophane Prices

A recent cut of from five to 15 per cent in cellophane prices in the United States does not affect Canada, The Financial Post understands. Since the Canadian plant came into production in April 1932, there have been seven price reductions, two of which were made in 1935—one in September and the other in December.

Since this product was first merchandised in the United States, there have been 18 downward revisions in price, aggregating (since 1924) 86 per cent.

* * *

Price War in Montreal

Montreal is having a drug price war says Drug Merchandising, with prices being cut to unparalleled limits. Some manufacturers of nationally identified lines are reported as having curtailed consumer advertising until the air clears, and are also reported as likely to enforce "refusal-to-sell" privileges on offending druggists. Blame is placed on the shoulders of two of the largest stores in the city—both independents.

Some of the prices quoted are: Scott's Emulsion being offered at 59 cents costs the druggist $8 per dozen in any quantity. Kotex, which in the price war was offered at 19 cents compared with 23 cents regular, has been sold as low as 14 cents by one store. Eno's salts, regular 79 cents is offered at 54 cents; Castoria regular 29 cents offered at 23 cents; Gin pills regular 39 cents offered at 29 cents; Kruschen salts regular 69 cents offered at 47 cents; Lavoris regular 89 cents for 69 cents; Phillips' Milk of Magnesia regular 39 cents for 33 cents; Coty's Powder regular 79 cents for 59 cents; Sal Hepatica regular $1.19 for 89 cents; Thermogene regular 39 cents for 34 cents.

* * *

Lumbermen and Engineers

Canadian Lumbermen's Association is holding its 28th annual meeting in Montreal Feb. 4 and 5. A feature of the convention will be a special report of the Timber Commission for Eastern Canada in London, England, covering the work of K. G. Fenson during 1935.

Another important gathering the same week is that of the Engineering Institute of Canada which holds its 50th annual conclave in Hamilton Feb. 6 and 7.

* * *

Jam Prices Topple

The bottom has fallen out of the jam market, says Canadian Grocer, following the McEvoy decision of January 3 throwing out an injunction against an Ontario packer which was secured to prevent him from marketing further jams, jellies and marmalades until a future date when his case comes up for trial. Packers met the afternoon of the decision and declared for an "open" maarket. One firm cut the prices next morning 25 per cent and it was two or three days before some of the others got over the shock. Finally, most of them decided on lower "net" prices at two cents less for 2-lb. jar of jam, and the same reduction on marmalade. With the introduction of the "open" market many wholesale distributors have been caught with fairly heavy supplies of jam and will naturally take a loss on these stocks.

* * *

Drug Problems Analyzed

Drug Merchandising, Toronto inaugurated in the current issue a special series of articles dealing with major problems facing the drug trade in Canada at the present time. Subjects listed for discussion include:

1. Need for further extension of price protective practices.
2. Curtailment of "2 for 1," one cent and other types of sales.
3. Growth of private brands.
4. Extension of publicity with price-cutting features.
5. Offering of reasonable quantities of merchandise at or near minimum price.
6. Growth of co-operative buying and advertising among independents.
7. Future of the corporate chain and of the voluntary buying group in the light of current developments.
8. Competition of variety chain stores in drug trade products.
9. Inroads of grocery stores, service stations, beauty parlors and others in the sale of patent medicines, cosmetics, etc.
10. Are consumer co-operatives in for a period of growth in Canada?
11. Significance of pending legislation concerning business taxation, price control, predatory price cutting, etc.

* * *

Eaton Budget Plan

At the end of February, T. Eaton Co.; Toronto will try out a new plan making it possible for budget plan customers in good standing to have purchases added to their accounts without the usual down payment. This will apply to purchases of goods included in the list of merchandise purchasable on the budget plan, clothing excepted.

* * *

Antigonish Fishing

Fish news from Antigonish, N.S., reports the lobster catch for 1935 at 1,443,000 lb., bringing fishermen an average of approximately 8 cents per lb. Local canneries put up 7,839,000 cases and the average price received was $22.50 a case. Salmon catch as reported for the year was 70,900 lb. compared with 103,400 lb. in 1934 and 243,000 lb. in 1930. Fishermen received about 12c. a pound. The catch of smelts for which a ready market is found in the United States was 50,500 lb. and brought fishermen about 10c. a pound. It is reported that both fishermen and lumbermen in this district expect benefit from the new Canada-U.S. trade pact.

Commodity Prices

	Latest week	Previous week	Same week last yr.
Cattle	$6.75	$7.00	$6.25
Hogs	9.25	9.50	8.90
Copper, lb.	.09¼	.09¼	.09
Cotton, lb.	.1185	.1195	.1265
Rubber, lb.	.1415	.1412	.1304
Sugar, raw, lb.	.0325	.0315	.0280
Silk, lb.	1.93	1.96	1.44
Wheat (Man.) bus.	.84⅝	.84⅜	.79⅛
Coffee, lb.	.06⅝	.06½	.09¼
Weekly Indices			
N. Y. Annalist	128.2	129.0	121.9
Fishers'	83.8	84.4	81.1
N. Y. Journal of Comm.	78.9	80.0	79.3
Crumps (Brit.)	68.6	68.7	64.9
U. S. Labor	80.9	80.6	77.9
Canada (D.B.S.)	72.9	72.8	71.4

Monthly Indices	Latest month	Prev. month	Same last year
Canada (D.B.S.)			
Retail (Dec.)	80.8	80.6	78.9
W'sale (Dec.)	72.6	72.7	71.1
U. S. Labor (Nov.)	80.6	80.5	76.5
Gt. Brit. (Nov.)	77.2	77.4	70.0

Note: Indices on all base 1926 = 100. British index is Economist converted to 1927 base.

Base of price quotations is as follows: cattle—steers, good, over 1,050 lb., top price, Toronto: copper—electrolytic, New York: silk—Japanese, 13-15, New York: Sugar—96 degrees centrifugal c/f New York: wheat—No. 1 Man. North., Ft. W.-Pt. A. basis; hides—heavy native steers; select bacons, Toronto.

FOOD STOCKS COLD STORAGE ABOUT NORMAL

Only Cheese Shows Much Change from Year Ago

Food stocks in Canadian cold storage at the beginning of the year showed very little change from January 1, 1935. With the possible exception of cheese, which is up nearly 30 per cent, all other lines appear to be normal or moderately in excess of 1935.

There is practically no change in butter. Ordinary cold storage eggs are down very considerably, but on the other hand there is an increase in supplies of fresh and also of the frozen product.

Pork and Lard

Supplies of pork are a little heavier than a year ago, and there has been a considerable gain in lard. Beef is down slightly, and also mutton and lamb, but poultry products are higher. The various classes of fish are slightly lower, and most of the milk products are higher.

Figures in detail with a comparison with last year for the principal products are as follows:

Stocks in Cold Storage	Jan. 1, 1936 (lbs.)	Jan. 1, 1935 (lbs.)
Butter	31,751,000	31,975,000
Cheese	23,472,000	17,196,000
Pork	30,436,000	28,117,000
Lard	3,387,000	2,743,000
Beef	21,933,000	22,858,000
Mutton and Lamb	5,576,500	7,480,457
Poultry	12,036,000	11,883,000
Fish (fresh or frozen)	16,368,600	18,669,000
Fish (smoked, dried, etc.)	4,826,000	4,965,000
Milk Products		
Evaporated milk	9,357,000	7,608,000
Powder	1,815,000	1,527,000
Condensed milk	457,700	525,161
	(doz.)	(doz.)
Eggs (storage)	1,252,274	3,481,000
Eggs (frozen)	2,542,683	2,043,000

New Products

Bendix Standard Safety Clinic—designed to quickly inspect and determine the safety factors of wheels, brakes, axles, etc., of automobiles, is announced by R. W. Keeley, president of Bendix-Eclipse of Can., Ltd., Windsor, Ont. (Can. Automotive Trade).

Permite Seal-Pack Water Pump—is in production for Ford Model A, Chevrolet and Oldsmobile cars by Permite Products of Can., Ltd. (Can. Automotive Trade).

Bankers Association Offices

Offices of the Canadian Bankers Association are now in Canadian Bank of Commerce Building at Toronto.

Year-End Business Statistics

Financial Post	December, 1935	% Change Dec., 1934
Business Index	107.4	+10.7
Wholesale prices	72.6	+2.1
Common stock prices	107.4	+24.6
Shs. traded, Mtl., No.	590,284	+86.0
Dom. bond yields	132.5	—5.6
*Bank deposits	108.7	+8.2
Mineral production:		
Copper exports, cwt.	302,024	+40.2
Nickel exports, cwt.	104,976	+47.5
Zinc exports, cwt.	236,403	—8.8
Gold shipments, oz.	286,336	+21.7
Silver shipments, oz.	4,047,792	+661.2
Manufacturing production:		
*Flour prod. ... bbls.	1,603,803	—5.9
*Rolled oats prod., lb.	17,448,402	+21.6
Cattle slaught. .. No.	88,895	+3.9
Hog slaught. .... No.	268,824	—8.7
Raw cotton imp., lb.	22,186,866	+18.0
Cotton yarn imp., lb.	423,062	+10.3
*Leather boot & shoe prod. .... pairs	1,168,136	+21.2
Newsprint prod., tons	244,732	+2.0
Steel ingot prod., tons	98,888	+68.3
Pig iron prod., tons	70,647	+66.8
Auto. production. No.	13,775	+404.2
Petroleum imp., gal.	55,639,590	+16.9
Crude rub'r imp., lb.	5,745,823	—10.0
Exports of planks and boards, ... ft.	111,523,000	+13.5
Contracts awarded .. $	4,364,900	—28.0
Building permits .... $	2,390,014	—5.2
Carloadings ...... No.	173,531	+1.1
Imports .... $	38,569,182	—1.4
Exports .... $	70,564,502	+14.1

*Preceding month.

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WEEKLY MARKET DIGEST
A resume of important news on Industrial and Mining Stocks, will be sent on request.

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Safety of principal, diversification and substantial income return are offered to the investor through the purchase of equal amounts of the following first mortgage bonds:—

	Rate	Maturity	Price	Approx. Yield %
*Union Gas Co. of Canada Ltd.	4½%	1950	98.00	4.68
*Hamilton By-Product Coke Ovens Ltd.	5%	1955	100.00	5.00
*Nanaimo-Duncan Utilities Limited	5½%	1964	101.00	5.42
†Canadian Utilities Limited	5%	1955	96.00	5.30
‡Dominion Electric Power Limited	5½%	1955	97.00	5.75

*Payable Canada only. †Payable Canada and United States. ‡Payable Canada and London.

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Confederation Life Association

ACCOUNT OF ITS STEWARDSHIP IN 1935

SIXTY-FOURTH ANNUAL REPORT

GROWTH IN STRENGTH AND RESOURCES is shown in the record for the year 1935.

TOTAL ASSURANCES in force, as at December 31st, amounted to $387,064,752.

NEW ASSURANCES were issued and paid for to the amount of $47,730,122, including revived policies.

AS CONSIDERATION FOR ANNUITIES, $1,306,703 was received during 1935.

TOTAL NET INCOME for the year amounted to $21,595,954. Net Premium Income, excluding Annuities, amounted to $13,554,716.

PAYMENTS TO POLICYHOLDERS AND BENEFICIARIES during the year amounted to the large sum of $12,368,489. Total payments for death claims amounted to $2,657,623, and for matured Endowments, $1,485,454. Dividends to policyholders amounted to $2,123,075. Fewer policies were surrendered in 1935, the amount paid in cash surrender values being $550,352 less than in 1934.

RESERVES for assurance and annuity contracts total $91,866,502, an increase of $6,272,604 over the year 1934.

TOTAL ASSETS at close of 1935 amounted to $106,377,995, an increase for the year of $7,246,913. The Assets have been carried into the balance sheet at their book values, which are less by $1,500,000 than their values as determined by the Insurance Department of the Dominion of Canada.

SURPLUS earned during the year amounted to $2,827,480—a very excellent result in view of the rates of interest at which investments can be made. The Total Surplus, as at December 31st, 1935, amounted to $7,805,066. The Surplus held free and unallotted to policyholders, and, therefore, available to meet any future contingency, now stands at $3,398,440, an increase of $401,283 during the year over the same items for 1934.

A copy of the full Annual Report will be mailed upon request.

Confederation Life Association

HEAD OFFICE - TORONTO

C. S. MACDONALD, *President* — V. R. SMITH, *General Manager*

Opinions Clash Sharply On "Prosperity" Housing

Ottawa View Charges "Overwritten Propaganda" and Terms Leaders of Scheme "Miracle Workers" — Toronto Globe Lauds Project as Basis for Business Revival

By THOMAS C. THOMPSON

Canada's latest effort to stimulate housing construction under the Dominion Housing Act, through promotion of a nation-wide "Prosperity Housing Association," is evoking widely different opinions regarding its merits.

Still in process of organization, and admittedly relying on publicity if it is to receive the support of Canadians in general, the scheme is reported to be unofficially sponsored by the Dominion government.

The plan calls for formation of local committees, first of which has been organized in Montreal, with Toronto scheduled as the next point of activity.

But the whole scheme, it is claimed by some observers, is in danger of destruction by the very medium through which it seeks support—publicity. Or as the Ottawa Journal says, "Overwritten propaganda" which may "bring defeat to an otherwise commendable project."

Striking, in their contrast, is the thinly veiled sarcasm of The Ottawa Journal, which refers to the "miracle workers" behind the scheme, and the comment of the Toronto Globe that the new scheme is "basically—an attempt to re-establish the building industry, and so stimulate business recovery."

Contrasting Views

References by the Ottawa newspaper imply that the paper knows more about the background and personnel of the plan than appears in its editorial comment.

The Globe, supporting the plan editorially, calls for co-operation and action in "getting it into working order at the earliest moment."

What prompts the Ottawa Journal's stand, and the equally emphatic and opposite viewpoint of The Globe?

"Behold The Result"

Quips The Ottawa Journal: "Now it's a 'prosperity' housing scheme that is to re-mold this country nearer to our hearts' desire.

"The thing is perfectly simple, its sponsors say. The Dominion Government advances $10,000,000 under the Housing Act passed by the old parliament, private industry contributes $40,000,000 more, it is all loaned out at five per cent for the building of homes, and behold the result!

"'Every able-bodied worker in Canada the owner of his own home.

"'The wheels of every manufacturing plant turning night and day.

"'Canada's housing problem speedily and definitely solved.

"'Unemployment in Canada cut by over one-half within a year.

"'An end to the depression.'"

To Re-Establish Building

Says The Globe, in the other direction, "Basically, it is an attempt to re-establish the building industry, and so stimulate business recovery. For that reason it demands the maximum of co-operation between the building trades, allied industries, finance, the government and the public.

"The benefits of such co-operation and the scheme's success are two-fold. Not only will it create new home owners, who form the bulwark of the democratic system and are the basis of sustained prosperity, but it offers the greatest source for re-employment of any work-creation programme implemented since the depression set in."

The Globe also says, "The Prosperity Housing Association is concerned only with the creation of individual homes and home owners."

Miracle Workers

So much for the plan itself.

But without descending to personalities, The Ottawa Journal has, apparently, scant regard for the "miracle workers," associated with the initial effort to launch the scheme.

The Globe, on the other hand, appears to have no such misgivings, as indicated by its belief that the plan, and the "business men" behind it, seem to be the best bet to appear to date in the direction of a building revival.

"Good Intentions"

Ottawa Journal says:

"The chief miracle worker is an astute gentleman of pleasing manners who used to be mayor of Medicine Hat, who subsequently lived for some years in London, more recently has been associated with an effort to persuade the Canadian government to pay a bounty on peat. The first assistant miracle worker is a former Dominion cabinet minister of confiding disposition, benevolent charm, and good intentions."

"Business Men"

The Globe, with equal conviction, pronounces on the subject with the statement that, "There are growing indications that something concrete is to be done about housing in Canada.

"All the hope that can yet be summoned is derived from the action taking place in that circle of business men that has adopted the name 'Prosperity Housing Association,'" The Globe declares with an optimistic note.

A "Fantastic Idea"

The Ottawa newspaper declares that if the plan is as simple as it is claimed, it is extraordinary that it has not been achieved long ago.

The Globe, however, asserts that there is nothing new in the scheme, that it is being adopted in the United States, and "the only thing to be regretted is that it has taken so long for it to reach a crystallized and progressive form in Canada."

Throwing Cold Water

The Ottawa Journal concludes its editorial with the remark that "It is not the most pleasant task in the world to throw cold water on a scheme for which so much has been claimed, but it is far more cruel to permit the creation of false hopes, of expectations impossible of realization.

"It is true that widespread erection of houses would contribute to the restoration of normal conditions, create work for many people, add to the happiness of Canadians.

"But it is a pity that the fantastic idea should be spread abroad that there is a panacea for all our ills, in the ideas of those promoting this present enterprise. The Journal suggests that overwritten propaganda may bring defeat to an otherwise commendable project."

In Everyone's Interest

But The Globe, sensing what it calls "a sound means" of curing two problems, declares that, "the details of the association's programme are to be worked out. To the present it presents a three-sided scheme of public education, technical service, and administrative operation. What is required now is co-operative action in getting it into working order at the earliest moment. The building season is approaching. In many parts of Canada it has seasonal restrictions. Unemployment and relief costs remain major national problems. The Prosperity Housing Association represents the one sound means of eventually curing both, and it is to everyone's interest that it be put across in every municipality of this Dominion."

What is the Answer?

The Ottawa Journal professes to know the answer. The newspaper says:

"If the thing is so extremely simple, and so relatively inexpensive—five dollars per head of the population—it is extraordinary that these results have not been achieved long since, because many more than fifty millions have been spent on government works projects and private building operations in the past six years.

"On a basis of population Ottawa's share of the fifty millions would be about $700,000—which would put up 100 houses at $7,000 each. In Ottawa last year, wthout any campaign or any assistance from governments, 115 dwelling houses were erected at a total cost, according to building permits issued, of $449,000. Furthermore eleven apartment houses were erected, adding $656,000 to the expenditures of the year on residential construction. Thus in Ottawa in one year more than $1,100,000 went into building of this sort—and did we find our relief costs 'cut to a fraction'? Or the wheels of industry 'turning day and night'? Or the housing problem 'speedily and definitely solved'? We know the answer."

Nevertheless, the whole plan is still in its formative stage and between the two views, general opinion appears to be toward allowing the plan to prove or disprove its merits in actual operation.

France Will Spend $398,000 On New Legation at Ottawa

France will spend $398,000 in construction of a new legation and minister's residence on Sussex St., Ottawa, according to an announcement following the recent return from France of Hon. Raymond Brugere, French minister to Canada.

Building operations are scheduled to start in April.

It is believed that the building will be in the French renaissance style of architecture of the château type. It will face the Ottawa River and command a view of the Laurentian Hills and the surrounding country.

Work on the first portion of the building will be completed this year, and the second half of the programme will be held over until 1937.

Quebec Permits

Although building permits issued by the city of Quebec during 1935 were fewer in number than those issued during 1934, the value was larger by $1,717,888. Permits issued last year totalled $2,133,195 in value. As in the case of other cities, construction was greatly augmented by the building of federal buildings. The parliament annex, alone, cost over $1 million.

Packing Plant

Canada Packers Limited has definitely decided to go ahead in the spring with the construction of a plant at Edmonton, Alta., to cost $300,000, according to Winnipeg advices. It will be four stories, of reinforced concrete with steel columns, 200 by 175 feet in dimension. It will be of slab construction and have brick walls.

"Door-Bell Campaign" Is Urged for Painters

"What the paint business needs is a mammoth campaign of doorbell ringing, executed by its craftsmen, the painting contractors.

"If every contractor in every community started out to ask for business from house to house, the public would be paint conscious in thirty days, and an additional thirty days would see more painting being done than at any time in the history of the business."—J. V. Reardon, in Canadian Paint and Varnish Magazine.

JOHNSON, MATTHEY EXPAND ACTIVITIES IN TORONTO AREA

Can. Seamless Wire Plant Enlarged For Increased Metal Operations

Announcement of a substantial plant addition, and installation of new machinery and other equipment at the Clinton Street, Toronto factory of Canadian Seamless Wire Co. Ltd., coincides with important developments affecting the company.

S. Stilwell

Johnson, Matthey & Co. Ltd., of London, England, melters and assayers to the Royal Mint and the Bank of England, and one of the world's best known firms in the precious metals industry, recently amalgamated its Canadian business with the Canadian Seamless Wire Co.

Consolidation of the operations of the two companies is due to the continued growth of Canadian business of the Johnson, Matthey Co., according to S. Stilwell, Canadian representative of the British company since 1930.

Now Refining Plant

Canadian Seamless Wire Company's factory is equipped for the refining and manufacturing of precious metal products in various forms. Under the new arrangement, this plant will become the refining and manufacturing headquarters for Johnson, Matthey.

Established over 100 years ago and able to trace its origin back some 200 years, the British firm has been distributing its products in Canada to the jewelry and allied industries, scientific laboratories, dental and other trades since 1930.

History of the Canadian Seamless Wire extends over thirty years in Toronto. The company was the pioneer in Canada in manufacturing rolled gold, and it was the first Canadian company to treat jewelers' sweepings.

Stilwell is President

Mr. Stilwell will be president and treasurer of Johnson, Matthey & Company (Canada) Ltd. E. C. Fairbrother, formerly general manager of the Canadian Seamless, becomes vice-president and secretary of the new company.

New Industries

Consolidated Can Co., New York, is constructing a $500,000 branch factory in New Toronto, to be in operation by June. This represents the most important industrial development in Toronto area during the past five years.

Hurlbut Shoe Co., Lindsay, Ont., is moving into larger quarters formerly occupied by Dominion Steel Works. (Lindsay Post.)

E. C. Metcalfe Co. will erect a canning plant, to be completed this summer, in Oshawa, Ont. (Oshawa Times.)

Pacific Coast Packing Co., Burnaby, B.C., will construct and equip a plant for canning fruit and vegetables and to manufacture mayonnaise and confectionery, at an estimated cost of $50,000.

Bartram Paper Products, Vancouver, manufacturer of paper bags, is adding a $12,500 extension to the factory.

B. C. Pulp & Paper Co. is reconditioning the plants at Port Alice and Woodfibre, B.C., at an approximate cost of $300,000.

Union Packing Co., Vancouver, is constructing a $100,000 abattoir and packing house.

Signal Oil Co. will erect eight service stations in Vancouver.

Curlew Creamery, Nelson, B.C., will spend $40,000 in the erection and equipment of a new building.

H. J. Heinz Co. is planning another building and installation programme at its plant at Leamington, Ont. (Canadian Grocer.)

L. C. Smith & Corona Typewriters of Can. Ltd., 35 Front St. E., Toronto, has doubled its factory space at 35 Front St. E. The parent company at Syracuse, N.Y., has transferred production on L. C. Smith standard typewriters and Corona portable typewriters for British Empire markets to the Toronto factory. The announcement was made by Arthur O. Dawson, manager.

Vancouver's Rise In Construction Almost 300 p. c.

In comparison with other Canadian cities, Vancouver appears to be in the van of building activity.

Building permits issued in Vancouver in 1935 totalled $3,892,665, representing an increase of nearly 300 per cent over the 1934 year's total of $1,418,822.

The increase is impressive when compared with the 1933 total of $1,564,541. December permits were an increase of 100 per cent over those in December, 1934, amounting to $163,785 against $85,085 in December of 1934.

Stores and Offices Lead

Stores and office buildings led the increase with a total of $1,462,725 for the twelve-months' period.

Government Guarantee Mooted for Paint Sales

Extension of Housing Legislation May Hold Wide Significance

By H. L. SOUTHALL

Can paint be sold on the time payment plan?

Obviously, if buyers of automobiles, washing machines or houses fail to pay for their purchases, the latter can be repossessed. But once applied to a building, bridge, or other structure, paint is there to stay. It cannot be recovered.

Attempts to revive the idea of installment selling of paint are creating widespread interest in the Canadian paint and building trades.

They arise from the suggestion of the president of the National Paint, Varnish and Lacquer Association, the organization which includes the paint manufacturers of Canada and the United States.

The scheme was tried ten years ago, and was short lived, but the question arises whether conditions in the interval have altered sufficiently to make it practicable in 1936.

Formerly, financing companies demanded a guarantee of something like 25 per cent of the amount of each contract so as to give them at least some protection against loss.

Financing Charge Thought High

The need of such a guarantee to financing companies, in addition to the fact that financing charges totalling 24.77 per cent for the accommodation were considered to be exorbitant, were the two rocks on which the time payment financing plan for the painting industry foundered in 1925.

Why revive the plan in view of its its former failure?

The answer is that there is now an opportunity to shift the risk of loss in case of default in payment on such contracts. That is the kernel of the whole situation. The U. S. government through the Federal Housing Act guarantees loans made by financing companies, loan companies and others for modernization or renovation of buildings, up to 20 per cent of the loan.

Canada's Interest

Canada has a vital interest in this development for several reasons. First the tentative plan is to establish time payment financing machinery as a department of the National Paint, Varnish and Lacquer Association, which comprises in its membership several leading Canadian paint manufacturers.

Secondly, the Housing Act in Canada resembles the Federal Housing Act of the U. S. in respect to the government's 20 per cent guarantee of loans—though at present such loans in Canada are not available for modernization work but only for new construction.

It is felt, however, that as the special committee which investigated the field of housing legislation strongly recommended that loans be made in Canada for modernization and renovation work, it is possible this may develop in the future. Canada would then be on the same basis of governmental loan guarantee as the U.S., thus paving the way for the re-introduction into Canada of the time payment plan on painting contracts, with the government automatically providing the guarantee formerly demanded by the financing companies from the party making the deferred payment contract.

Sound Economics

The president of the National Paint, Varnish & Lacquer Association states his belief that it is sound economics for a property-owner to borrow the money when necessary, to paint his property and keep it in good condition.

He believes careful consideration should now be given to the creation of satisfactory financing arrangements for the industry.

New Proposal

Under the new arrangement whereby the financing company would work in close collaboration with the National Paint, Varnish and Lacquer Association, and where (in the U.S. only for the present) the government is providing the required guarantee to induce financing companies to loan money freely for this purpose, there will undoubtedly be some aspects favorable to the re-introduction of the plan.

The subject brought forth voluminous discussion in trade papers and at trade meetings when inaugurated ten years ago. Prospect of its revival as heralded this year is therefore arousing considerable interest in paint circles.

Paint "On Time"

Federal housing legislation in Canada, unlike that in the United States, deals with new construction only, and excludes modernization and renovation from its loan provisions.

It is thought probable, however, that changes will be made in the existing legislation, and if, as appears likely, these include provision for renovation, the paint industry will be concerned in a major sense.

Coincident with this situation is the suggested revival of paint merchandising on a time payment basis. The former failure of the time payment system, and means by which its weaknesses may be overcome, are discussed in this article by H. L. Southall, managing editor, Business Newspapers Division, The MacLean Publishing Company, Limited.

BELL BUILDING TO INCLUDE USE OF GLASS BRICK

Dust Filters Are Also Used in New Ottawa Structure

New construction features, embodying among others the use of glass brick, are to be included in the new Bell Telephone Co. of Canada building at Albert and O'Connor Sts., Ottawa.

Plans for the structure, which will be erected this year, include an initial building of four stories and basement, but this will be designed for an ultimate seven-story structure above ground, and an extension laterally along Albert St., of from 50 to 60 ft.

Dial equipment and associated apparatus will be inaugurated in the Ottawa telephone system, following installation of automatic switching telephone service in the new building.

To House Dial System

Conversion of the Ottawa and Hull telephones from the manual to the dial basis of operation is scheduled for the latter part of 1937. The new building will then accommodate dial equipment and long distance facilities sufficient to serve Ottawa's district telephone needs for years to come.

Plans for the new building are being prepared by the associated architects, Barott and Backader, and F. J. MacNab. Operations are scheduled to commence in the early spring months.

It is probable that first use will be made of glass bricks in the Ottawa area. These will be a part of the construction of the long, perpendicular windows in the elevator shafts and the facades. Almost without exception, the materials will be produced in Canada.

Refrigeration Unit

Part of the telephone equipment will be located in the basement. Boilers and other equipment associated with the steam control heating plant, a modern refrigeration unit and other apparatus common to modern telephone structures, will also be in the basement.

Elimination of dust from all premises occupied by dial apparatus is necessary. Dust in this delicate equipment can create considerable difficulty, and as a result, on all floors where the equipment is in operation fresh air will be drawn inside through specially designed filters at the windows.

Fire-proof Features

In keeping with the modern telephone building practice, the Ottawa structure will be of fire-proof construction throughout. Floors will be of reinforced concrete, interior doors of metal, and partitions not built of masonry will be of steel and glass. Wood will be practically eliminated.

Other conveniences of the new structure are drinking fountain bubblers on each floor, served through the refrigeration unit in the basement, the use of battleship linoleum on all floors, and a special arrangement for the needs of dial telephone apparatus.

Modern Office Building Windowless, Woodless

Light Control, With Sunlight Effect, Regulation of Air Temperatures and Humidity, and Elimination of Wood Features of New Hershey Building

W. F. R. Murrie, president of Hershey Chocolate Corp., believes in using the latest developments of architects and engineers to obtain maximum efficiency of working conditions in the company's new office building at New York.

In planning the building the company threw conventions to the winds. So did the architects and engineers. And the result is a building where requirements of lighting, temperature, noise, safety appliances, and a score of other considerations have been met with amazing ingenuity.

Most striking features of the new building are that it is windowless, woodless, draftless and practically noiseless.

Adoption of the newest principles in construction meant increased cost, but this, Mr. Murrie thinks, is fully justified by the result.

Windows Eliminated

Without windows, light control is complete and even on the brightest days no daylight can filter through.

Lighting fixtures combine mercury vapor and electric current and an unusual lens arrangement which gives the light rays a slightly rosy hue. The effect is that of sunlight on a bright morning just before the sun is high enough to lose its reddish glow.

Air Conditioning

Air conditioning gives a year-round automatic control of temperature and humidity throughout the building. Filtration and washing of air before it enters any occupied portion of the building is also provided, while in cold weather it is humidified and heated.

To minimize noise, ceilings of the building have a one-inch padding of acoustic cork, while the floors throughout are covered with heavily cushioned linoleum tile.

Neither footsteps nor echoes disturb the workers. The concentration of practically all office machines in one large room which has special acoustic treatment, and walls covered with acoustic plaster, reduces noise from this source to a minimum also. Operators in these rooms hear little more than the clicks of their own machines.

No expense apparently was spared on safety features of the building. There is no trace of wood in the entire structure, and this idea has been carried out in furniture as well. Pencil shavings afford about the only means of conflagration.

From the president's office to the desk of the most junior worker, all furniture is of steel. That located in reception rooms and lounges is of aluminum or steel tubing.

Sprinkler protection is general, and in the vaults where the company's records are kept there is a separate carbon dioxide protective system which is automatically controlled. It will extinguish fires without damage to papers or books.

Automatic Phones

The usual switchboard has been discarded in favor of a 111-station automatic telephone system. This is equipped with the new "conference" service.

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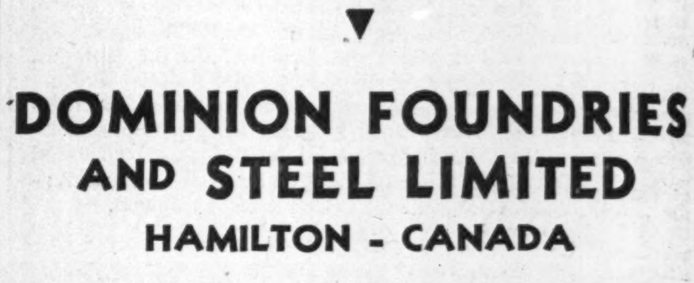

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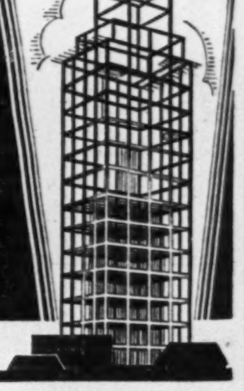

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Windsor, Essex Bonds

I hold some bonds of Windsor, Essex & Lake Shore Railway. Is there a protective committee? What is the outlook for the bonds?

There is no protective committee for W. E. & L. S. bonds. They are secured by bonds of municipalities in the Windsor area deposited with Guaranty Trust Co., of Windsor, trustee for the W. E. & L. S. bonds.

The outlook depends largely on what sort of debt settlement is finally reached for Windsor bonds. Another uncertainty is what sort of debt settlement will be reached with other municipalities whose securities are pledged for the benefit of W. E. & L. S. bonds. Eventually, you should get some income from the investment. The amount will depend chiefly upon what Windsor bondholders can save from the wreckage of municipal finances in the border cities area.

Hamilton Bridge

What do you think of the prospects of the common and preferred stocks of Hamilton Bridge Co.? I would also like a report on the company's earnings.

Hamilton Bridge Co. must depend upon renewal of demand for structural steel products to obtain its share in the recovery that appears to be in process. The company had operating losses in 1932, 1933 and 1934, and may show another loss in 1935. Surplus of $533,000 in 1931 had been turned into a deficit of $12,560 at the end of 1934. Since 1931, working capital has been reduced from $1.1 million to about $500,000. Consequently, there is no early prospect of payment of full dividends on the preferred stock, which is the reason for the low price of the shares.

There seem to be prospects of further improvement in the capital goods industries, in which case, Hamilton Bridge could be expected to have a share in it. There are no securities senior to the preferred stock, so that it stands to get first benefits from any improvement in earnings. Last year, the deficit was $174,000, so that you can see there is considerable ground to make up.

Bruck Silk

Please let me have a report on the earnings, financial position, and dividends of Bruck Silk Mills.

During the first quarter of Bruck Silk Mills' current fiscal year ended last December, the president reported that results obtained had been encouraging, the mill being operated continuously at full capacity. For the fiscal year ended October 31, net profit, after bond interest and depreciation, totalled $150,314. This compares with $184,233, but was well above the average obtaining in the last six years. Due to the improvement in earning power in 1934 and 1935, the directors restored the common stock to a dividend paying basis, starting off with 25 cents a share quarterly, and then increasing it to 30 cents a share quarterly. The balance sheet at the end of last October showed current assets of $867,362 and current liabilities of only $62,079.

Canada Cement

Please let me have a general opinion on Canada Cement Co., and its outlook. At its present price, the common stock rather appeals to me.

Canada Cement is a well-managed company, and over a period of many years earnings have been established on a well-defined basis. Following the capital reorganization of the company a few years ago, the capital of the company was increased very materially. Consequently when business fell off, the company was not able to do any better than earn interest on its bonded debt together with provision for depreciation. The trend of earnings has been somewhat better in the last two years, but net income, after interest and depreciation, has been equal to only a few cents a share on the preferred stock. There has been nothing earned on the common for some time. The latter is regarded as speculative since no dividends are in prospect for it.

Canners Bonds

I am thinking of buying six per cent bonds of Canadian Canners at about 107. Is interest well covered after depreciation and has it always been paid? Is the security for the bonds adequate in view of the senior outstanding mortgage bonds of Dominion Canners?

Interest has always been paid on Canadian Canners six per cent bonds. In the latest fiscal year, interest was earned 2.43 times after depreciation.

Since both first mortgage bonds of Dominion Canners and bonds of Canadan Canners total only about $3 millions, against total assets worth over $20 millions, the security seems more than adequate. You should note, however, that Canadian Canners bonds are redeemable at 105, and that redemption is a possibility.

Fraser Cos.

Will you kindly let me have a report on Fraser Companies? I understand that this company produces newsprint and is likely to benefit by the increased demand for that product. Will the trade agreement with the United States help the company?

Fraser Companies' revenue is derived from several sources; but principally from sulphite pulp, lumber and paper. The company does not manufacture newsprint. In the last two years, a large part of the company's revenue has come from sulphite pulp sales by its subsidiary, the Restigouche Co. In normal times, there is a fairly substantial revenue from lumber operations, while the paper company at Madawaska also contributes to the general income.

The Canada-U. S. Trade Agreements will not have any very marked effect upon operations of Fraser Companies. The paper mill is located in the United States, so that nothing is to be expected in that division. The sulphite pulp output is very largely sold in Canada and England; as far as we know sales in the United States are limited. The lumber division may profit by the agreement, but it is a little early to make any forecast along those lines.

Nova Scotia Power

Would you be kind enough to let me have your views on the preferred stock of Nova Scotia Light and Power Co.? As this stock has been recommended to me for purchase, I would like to know whether or not the dividend is being fully earned.

Nova Scotia Light and Power Co. supplies the utility services in the Halifax area and, through stock ownership, controls a number of other utilities in Nova Scotia, notably the Avon River Power Co., Chester Light and Power Co., Barrington Electric Co., etc. While the business depression has had its effect upon earnings of the company, revenues have stood up well. The dividend on the preference stock has been earned two and three times over for many years past.

In 1934, the net profit available for the preferred dividend was $232,000, or the equivalent of $18.56 a share, as against dividend requirements of $6. Since that time there has been an increase in the issued preferred, but it is anticipated that the 1935 report will show that the dividend has been covered without difficulty.

Dominion Stores

My common stock investments appear to be in good condition except for Dominion Stores which I bought at $20. What is the matter with this? What accounts for the rise from $8½ to $11 a share?

Dominion Stores had a loss in 1935. The reason for the firmness of the stock is that the company's organization has been housecleaned and that the prospects for improved results are considered reasonably good. Severe competition and heavy write-offs, however, have cut into earnings and surplus. The management is strong and the company has ample working capital. Earnings may recover, in which event dividends could once more be paid.

Inter. Hydro Electric

I am interested in the 6 per cent debentures of International Hydro-Electric System. I am told that affairs of this company are not altogether satisfactory and I would like to have a report.

It is rather difficult to give an opinion on International Hydro-Electric 6 per cent debentures owing to certain unsettled matters in connection with operating subsidiaries which affect the outlook for the parent company.

Income of the system is derived from its two principal operating units, New England Power Association and Canadian Hydro Electric Corp. New England Power recently deferred dividends on its common stock, so that source of income was cut off.

Canadian Hydro now remains the principal source of revenue and just how long that will be the case depends upon the outcome of negotiations between its subsidiary, Gatineau Power Co. and the Ontario Hydro.

In 1934 consolidated income statement of International Hydro-Electric System showed that the interest on the debentures was earned. It is questionable whether or not the report for 1935 will show a similar situation. Further, if there is any material scaling down in the revenue received by Canadian Hydro from the Ontario Hydro business, the ability of International Hydro-Electric System to pay interest on its debentures will be open to question.

Walker Salt

Will you give me what information you can on Walker Salt Corp., Port Franks, Ont. Is it producing? What is the value of the common stock and what is the prospect of a dividend payment?

Walker Salt Corp. came into production in 1935. Recently, a bond issue for $50,000 was marketed. There are 70,695 common shares of no par value outstanding.

Sources close to the company say it has no difficulty in finding a market for its product, and that the company has been earning at a rate of over $1 a share on the common stock. There is some possibility that a dividend may be paid this year.

There is no active market for the common shares, which are held privately, but we understand that a few transactions have taken place privately at about $2.25 a share. This, however, seems to be a low valuation for shares on which earnings are said to be so substantial.

The company owns a salt plant with daily productive capacity of 35 tons, and holds land, upon which the plant is erected, in fee simple.

Dominion Bridge

Will you please let me know how the volume of Dominion Bridge business in 1935 compared with the preceding year, and whether or not the dividend paid is being earned?

Dominion Bridge Co.'s financial statement for the year ended Oct. 31, 1935, shows an increase of new business entered during the past year of 78 per cent compared with 1934. Part of this was due to an increase in government orders for relief work, but orders for industrial building work were 21 per cent and miscellaneous warehouse orders were 41½ per cent higher, indicating further improvement in general conditions.

Dominion Bridge did not earn its dividend of $1.20 a share last year. However the financial position of the company continues to be strong and the drain on reserves by the payment of dividends is not particularly severe.

I. P. and P.

Will you please let me have your views on International Paper and Power 7 per cent cumulative preferred? It is not the "present" that I am so interested in, as the "future."

International Paper and Power Co. has not been able to report earnings on its preferred stock in the last four years. It is difficult to say just what will be the outcome for this stock. One opinion widely held is that a capital reorganization is inevitable. On the other hand this view may be too pessimistic.

International earnings are derivable from two sources—International Paper Co. and International Hydro-Electric System. The paper properties have shown signs of improvement and increasing earning power is expected. The hydro-electric properties are confronted with a number of difficulties and there is little likelihood of International Paper and Power Co. receiving any income from this source in the near future.

Calgary Power

Will you please forward some information concerning Calgary Power 5 per cent bonds, due 1946? The enquiry is for the purpose of judging if their bonds are a safe investment.

Calgary Power Co.'s earnings have covered interest requirements on an average better than two times for many years. The market value of the first mortgage bonds has been affected somewhat of late by the fact that the company has a relatively heavy financial stake in the junior issues of the Ottawa Valley Power Co. The latter is one of the Quebec companies which had its contract with the Ontario Hydro repudiated by the Ontario Government. Negotiations are proceeding with a view to bringing about a compromise, but at this time no agreement has been made. Even in the event of Calgary Power not receiving any revenue on its investment in Ottawa Valley Power, income from its own operations would be ample to take care of the bonded debt charges.

Beauharnois

Among my investments are some Beauharnois bonds of 1973. In view of the trouble with Ontario Hydro, I would like to have an opinion as to the outlook for the securities.

You do not mention whether you hold Beauharnois Power Corp. 5 per cent bonds of 1973 or Beauharnois Light, Heat and Power Co. 5½ per cent first mortgage bonds, also maturing in 1973. You are probably aware that this company contracted with Ontario Hydro, calling for an ultimate delivery of 250,000 h.p. and this agreement was recently repudiated. Without this business, Beauharnois Power Corp. will be unable to meet full interest charges on its funded debt when it becomes due. With the revenue received from other contracts, it is questionable whether or not the operating company will be able to cover interest on its own first mortgage bonds. The whole matter of the Beauharnois situation is causing concern, and it is expected that when the annual report of the company is issued, some time toward the end of this month, a statement will be made by the management as to the immediate outlook of the company.

The Woman Investor

Carnegie's Egg Basket

"PUT all your eggs in one basket and then watch the basket."

The advice is that of Andrew Carnegie, and it has a particular significance for women investors who are unable or unwilling to follow the shifting conditions and prices of stocks and bonds.

Even the best bonds fluctuate in response to changing conditions in finance, business and politics, and all developments in these spheres must be continually studied as a gauge to stock and bond values.

Not so insurance, which, for women, is perhaps the nearest approach to Mr. Carnegie's basket.

* * *

Insurance Safety

OF PRIME importance is the fact that investment of funds by women in endowment insurance provides the one element more essential than any other—safety.

Endowment insurance policies do not fluctuate in value, except to increase. They cannot depreciate unless through national currency inflation from which there is little or no escape in any event.

There is no market that must be watched daily for sudden changes in conditions that may bring quick declines in stock and bond values.

And most important of all, every dollar that goes into endowment insurance returns, with interest, to its original owner or the owner's estate. While it remains in the form of insurance it is being used for investment in carefully restricted channels, under the management of conservative and experienced insurance executives.

* * *

A Method of Saving

UNLIKE men, most women can relegate the question of insurance protection for dependents to a secondary position. Without dependents in case of their own death, women can utilize the endowment policy as a method of saving and investing surplus funds.

The young business woman, for example, buys an endowment policy in preparation for the day when her earning power has passed, but which will also be when her endowment policy matures. She may marry in the interval but her "estate" is created and in later years will accrue at a time when her husband's earning power is also probably on the ebb.

* * *

Dividends

LIQUIDITY, obtainable in stock and bond investments, is not available to the same extent, it is true, but in the event of a financial emergency, there is always the possibility of borrowing money on the security of the policy itself. Meanwhile there are dividends.

Endowment insurance, of course, gives protection as well to a woman's dependents, but for herself it is as an investment for the long term. It is in short, a happy combination of regular income, assurance of the eventual return of the investment, and freedom from the haunting fear of a "break in the market."

Union Gas Company of Canada
Limited

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Due December 1, 1950

PRICE: 98 and accrued interest, to yield 4.68%

The Union Gas Company is a public utility enterprise engaged in the production of natural gas from Company-operated wells; the distribution through its own pipe lines; and the sale directly and through subsidiaries to domestic and industrial consumers located in London, Windsor, Chatham, Sarnia and more than forty other municipalities in South-western Ontario.

The Company has large proven reserves of gas as a result of its consistent and aggressive policy of development. Information with respect to the operations and financial position of Union Gas Company of Canada, Limited and further details relative to these bonds are contained in the official circular available upon request.

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Rackets

Why Artists Are Poor

ARTISTS are usually depicted as poor and struggling.

That may be due to the quality of their work, or to the tradition that artistic merit goes unrecognized until a hundred years or so after the artist's death.

But the real reason in many instances is that artists are notoriously poor business men and easily victimized.

A Canadian artist whose work is widely known, and whose exceptionally fine portraits of public men, church dignitaries and other people of prominence have brought him wide acclaim, has learned that even artists must be wary of the smooth spoken racketeer.

By no means poor and struggling, he was approached by a suave, well-dressed gentleman who commissioned him to paint a portrait. Terms were discussed, and the stranger introduced himself as an executive of a newly formed Canadian mining company.

* * *

Paying in Stock

HE ADDED, however, that since all his spare cash was tied up in formation of the company, he was willing to pay more than the amount asked for the portrait, provided it could be paid in the company's stock.

"You can see what the stock is worth by looking in the daily paper," he added.

The quotation was there, among "bid and asked" prices of unlisted securities, but there was no record of any transactions in the shares; a highly significant fact and one which the artist completely overlooked.

Calculating the amount of stock, on the basis of its quoted "price," a sum was agreed upon and the visitor's portrait was painted.

The shares were handed over to the artist, and the transaction closed —until the artist attempted to sell his stock to realize cash. He was not gullible enough to hold it for the promised rise in value.

* * *

An Artificial Market

BUT the "market" for the shares was merely a market maintained by the company's promoters. It was their own quotation in the "bid and asked" column, and their main efforts were to distribute the stock for what it would bring.

Brokers, approached by the artist, merely reported "No bid," except at a few cents a share, or the amount which the promoters were willing to pay to "support" the market. It was an amount representing only a fraction of the "value" of the stock as indicated by the newspaper quotation, and the artist had no recourse but to accept the few dollars his shares would realize.

He estimated his loss at several hundred dollars. No estimate is available, however, of the amounts lost by other victims through parting with their goods or services in exchange for the suave promoter's shares.

3½% INVESTMENT DEBENTURES

Issued in sums of $100 and upwards for terms of from 5 to 10 years. Canada Permanent debentures are a Trustee Investment.

FOUNDED 1855

CANADA PERMANENT Mortgage Corporation

320 Bay Street, Toronto

Assets exceed $69,000,000

TOP RIGHT. *A tobacco field in Virginia.*

CIRCLE. *The interior of a tobacco storage barn in Ontario. One of the Company's leaf experts is shown "signing up" for the farm's crop of choice tobacco.*

BOTTOM LEFT. *Cultivating tobacco near Delhi, Ontario. In the background are the kilns in which the tobacco is cured.*

"It's the Tobacco that Counts!"

NO matter what form your tobacco preference takes — convenient cigarette, mellow cigar, comfortable pipe — your smoke satisfaction begins with the glossy green leaves waving gracefully across hundreds of thousands of broad acres in many lands.

This Company has to deal with an all-time purchasing problem that is, perhaps, the most difficult in industry. Our tobacco leaf is bought three years before the finished product is marketed, and then aged "in the wood" for an average of thirty months. This year's crop will not be smoked until 1939.

Tobacco is "temperamental". Crops show variations from season to season, even in the same localities. Hours of sunshine, inches of rainfall, changing soil conditions affect leaf quality.

The Company's leaf experts must know, before the buying season opens, where the best grades of different types are to be found. They must be instructed, after careful estimating, what quantities are to be purchased to meet manufacturing requirements of three years later.

Field scouts report local crop conditions. Upon these reports buyers base their plans. Their operations are world-wide. Cuba, Turkey, Virginia, Kentucky, Java, Sumatra, Ontario and Quebec all contribute their shares of different leaf types.

It's expensive, of course. Accurate advance information, the services of a corps of expert buyers, cost money. Large companies, such as ours, are compelled to keep millions of dollars tied up in tobacco in storage — all the time.

No room for guesswork here!

By solving these problems year after year we have built up a reputation for unvarying high quality for our cigarettes, cigars and tobaccos. We are jealous of our good reputation and you can rely on our unstinted efforts to guard against any deviation from this acknowledged high standard.

IMPERIAL TOBACCO COMPANY OF CANADA, LIMITED

Bank Chat

Municipal Loans

SEVERAL cities in Western Canada recently received a most welcome cut in the interest which they pay on loans from their bankers. Other western centres, not yet as fortunate, have been asking, somewhat naturally, why this benefit was not extended to them as well. Complaints have been heard that not only were these cities discriminated against when their neighbors' rates were revised, but that western cities pay more for such accommodation than do those in the east.

The main factor in determining the rate which any community will pay for its loans is, of course, its credit standing. This is clearly illustrated in the varying rates at which municipalities issue debentures. Apart from this, however, other considerations may have to be taken into account when dealing with bank advances. For instance, if a municipality has a substantial balance with the bank from which it asks a loan, it may be charged a lower rate. To some extent it may be said that it is the municipality's own money that is being loaned.

Each instance is considered on its own individual merit, or lack of it, and the rate set accordingly. It is inevitable, therefore, that there be rate inequalities not only between different sections of the country but also between neighboring communities. But competition between the banks, particularly in view of the current dearth of acceptable loan business, inevitably tends toward a minimum rate.

* * *

Bank Publicity

CANADIAN banking officials appear to have more or less definitaely adopted a policy of freer publicity. In practically all the annual addresses which have thus far appeared some mention has been made of the criticism to which the banks have been subjected. And in practically every case some attempt has been made either to meet that criticism or to give the public a more accurate view of the bankers' job and responsibilities, which is really an indirect method of achieving the same end.

In the public press which clamored so loudly for the banks to reply to their critics, the trend away from the purely routine annual addresses, most of which used to provide information of general business conditions which could be obtained from other sources just as well has been widely acclaimed. But the end should not be yet. The banks have just begun. Prejudice and distrust, particularly evident since the depression began, can be eased but not entirely removed by "one-a-year" speeches of those with the authority and knowledge to present the facts of Canadian banking.

* * *

Service Charges

AN ANALYSIS of bank charges in the United States, made in the January issue of the C. B. A. Journal, emphasizes the advantages which Canadian depositors enjoy in this respect. No chequing against savings accounts is allowed by the banks across the border, and many refuse to open an account unless they are assured that it will really be a savings account, and not merely a deposit for safekeeping until better times return.

In Chicago, interest on savings deposits is 1½ per cent, and a negative rate is paid on some current accounts. For instance, a current account depositor with a balance of less than $100 actually pays the bank $1.25 a month to carry his account. This levy permits ten cheques to be drawn.

Throughout the United States, the scale of exchange and service charges is considerably higher than in Canada. Many clearing houses have adopted service charges, not only for cashing cheques, but also on cheques deposited.

* * *

No Complaints

BRANCH managers do not complain about being stationed in outlying districts—at least not to directors of their banks. At the annual meeting of the Canadian Bank of Commerce last week, one of the directors, in expressing the shareholders' appreciation of the work of the staff, stated that only once in his many visits to branches had he heard a note of dissatisfaction.

Having slogged through particularly gummy mud for some hours the director reached one of the most distant offices of his bank in the Dominion.

He arrived just as the manager was donning rubber boots and an extra pair of heavy socks before setting out to address a gathering of townsfolk.

Obviously fed-up for the moment, the manager asked rather wistfully if the director thought there was even a remote possibility that he might some day be shifted back to the "bright lights."

When the two left the building a few moments later, however, they were deeply impressed with the brilliance of a particularly fine display of northern lights.

"After all," mused the manager, "the 'bright lights' of the biggest city would seem dim in comparison with those."

Two Per Cent Dividend Declared By Commerce

The Canadian Bank of Commerce has declared a dividend of two per cent, payable in Canadian funds, for the three months ending Feb. 29 next. The dividend is payable on March 2 to shareholders of record Jan. 31. The distribution is at the rate which has been paid since June, 1933.

HIGHER PROFIT EARNED IN 1935 BY NOVA SCOTIA

But Taxes Bring Year's Surplus Under 1934 Level

Net profits of $2,334,637, about $42,000 more than in the previous year, were earned by the Bank of Nova Scotia in 1935. This would indicate that the saving effected through reduction of interest rates on deposits slightly more than offset the lower return yielded by investments and loans. However, an increase of $58,000 in taxes cut surplus for the year, after dividends and the customary write-offs for premises and pension fund, to $29,000, $16,000 under the 1934 figure.

$13.20 a Share Earned

In terms of earnings per share, the 1935 year showed profits of $19.45 before and $13.20 after write-offs and taxes, compared with $19.10 and $13.34 respectively last year. Dividends of $12 a share were paid in both years.

Income and Surplus Account
Years Ended Dec. 31

	1935 $	1934 $
Net profits*	2,334,637	2,292,429
Less appropriations:		
Dividends	1,440,000	1,440,000
Pension fund	115,000	115,000
W/o bank premises	250,000	250,000
Dom. Govt. taxes	500,462	442,099
Surplus for year	29,175	45,330
Add: Prev. surplus	682,455	637,125
Balance forward	711,630	682,455

*After charges of management and provision for bad and doubtful debts.

The increasing difficulty which practically all banks are experiencing in profitably investing an increasing volume of funds is illustrated in the general statement. Total assets at $288.8 millions and deposits at $230 millions are the highest in the bank's 104 year record.

Lack of adequate demand from industrial borrowers directed the flow of deposited funds to investment rather than to advances, holdings of government securities rising more than $18 millions. Current loans in Canada were off well over $1 million although those in other countries are higher by $2.4 millions. Call loans in Canada shown at $5.9 millions are $5.5 millions under the 1934 figure.

Effect of Bank of Canada

The effect of the establishment of the Bank of Canada is reflected to some extent in the reduction of notes in circulation from $12.3 millions to $9.7 millions. More directly is it seen in notes of and deposits with the Bank of Canada. In 1934 these were shown as Dominion notes and deposit in the central gold reserves, respectively. Profit from the revaluation of gold after it was taken over by the Bank of Canada, estimated at $1,746,000 has not been shown in the accounts, being credited to internal reserves.

Liquid position improved during the year. Cash assets, coin, legals, notes of and deposits with the Bank of Canada, notes of other banks and foreign currencies, amount to $32.2 millions—12.8 per cent of total liabilities to the public. This compares with 11.8 per cent in 1934. Readily available, or quick, assets form 68.7 per cent of public liabilities, as against 67.3 last year. This indicates ability to expand loaning business as soon as general conditions bring about a more normal demand for credit accommodation.

General Statement
As at December 31

	1935 $	1934 $
Assets		
Gold and sub. coin	2,750,831	9,313,228
Notes Bk. of Can.*	2,980,732	19,699,491
Dep. with Bk. Can.†	22,738,276	1,750,000
	28,469,839	30,762,719
Notes of other bks.	535,142	1,068,450
Cheques on banks..	11,397,462	13,505,788
Govt. & bk. notes‡	3,206,379	2,280,730
Due by bks. ab'd..	7,781,615	7,659,415
Call loans in Can..	5,917,439	11,458,368
Call loans else.	2,444,212	2,964,924
	31,282,249	38,937,675
Govt. secs. s. trm.•	35,394,313	25,639,159
Other govt. secs.•	54,385,653	45,020,642
Can. mun. secs.•	12,455,823	13,503,370
Pub. securities•	941,950	1,385,387
Other bonds, debs.•	10,067,303	8,978,589
	113,245,042	94,527,137
Total quick assets..	172,997,130	164,227,531
Current loans ab'd▪	14,459,810	12,810,771
Cur. loans in Can.▪	77,987,842	85,887,691
Loans to prov. govt.	637,162	
Loans to municip'es	5,953,667	
Non-curr. loans	797,254	857,252
	99,835,735	99,555,714
Premises	7,008,924	7,376,119
Mortgages	100,967	104,470
Lets. of credit	5,583,112	5,973,315
Dep. re cir. fund	567,004	547,833
Invt. in & adv. to sub.	2,650,000	2,700,000
Other assets	80,016	90,796
	15,990,023	16,792,533
Total assets	288,822,888	280,575,788
Liabilities To the Public		
Circulation	9,714,396	12,322,202
Advs. under Fin. Act	......	3,214,000
Dep. by and bal. due from:		
Dom. govern.	255,372	2,728,380
Prov. govern.	851,319	676,921
Deposits by public:		
Non-int. bearing.	46,867,438	31,320,632
Interest bearing	183,235,959	180,427,902
To banks in Canada	2,319,248	4,414,802
To banks abroad, etc.:		
Foreign banks	1,985,506	1,750,240
Bills payable	623,251	403,747
Letters of credit.	5,583,112	5,973,315
Other liabilities	313,597	300,445
	251,749,198	243,532,586
To the Shareholders		
Dividends unpaid	362,060	360,747
Reserve fund	24,000,000	24,000,000
Capital stock	12,000,000	12,000,000
Surplus	711,630	682,455
	37,073,690	37,043,202
	288,822,888	280,575,788

(The 1934 figure 85,887,691 is bracketed against Cur. loans in Can., Loans to prov. govt. and Loans to municip'es together.)

* Prior to 1935 shown as "Dominion Notes."
† Prior to 1935 shown as "Deposit with central gold reserve."
• Not exceeding market value.
▪ Estimated loss provided for.
‡ Other than Canadian.

Weekly Bank Clearings

	Jan. 16 1936	Change yr. ago %	Jan. 9 1936 $
Halifax	$2,285,703	+ 4.8	2,771,640
Saint John	1,370,267	— 10.2	1,844,830
Moncton	584,529	+ 5.7	753,971
Sherbrooke	513,871	+ 7.9	612,943
Quebec	3,383,673	— 0.09	4,283,010
Montreal	94,007,978	+ 7.2	117,388,522
Ottawa	15,556,455	+254.5	25,350,899
Kingston	493,123	— 5.8	702,114
Peterborough	587,660	+ 9.9	739,704
Chatham	412,987	— 2.3	475,634
Toronto	117,543,926	+ 13.1	141,414,543
Hamilton	4,387,340	+ 34.5	6,107,661
Kitchener	928,059	+ 1.4	1,265,845
Brantford	734,885	+ 4.3	926,701
London	2,374,054	+ 1.9	4,644,410
Windsor	2,493,828	+ 9.9	2,730,379
Sarnia	412,334	+ 12.8	522,994
Sudbury	799,807	+ 27.3	730,367
Fort William	484,276	— 12.1	634,922
Winnipeg	70,980,051	+ 31.2	102,380,090
Brandon	226,182	— 8.0	383,583
Regina	2,418,483	+ 7.8	3,014,253
Moose Jaw	410,719	+ 10.0	613,345
Saskatoon	1,202,920	+ 16.2	1,539,885
Prince Albert	299,468	+ 10.8	410,442
Edmonton	3,668,698	— 7.7	5,077,161
Calgary	4,989,898	+ 6.1	6,437,303
Medicine Hat	169,409	+ 11.4	303,388
Lethbridge	434,160	+ 24.9	421,725
N. W'minster	509,694	+ 23.9	577,010
Vancouver	16,647,852	+ 15.7	17,476,310
Victoria	1,531,640	+ 13.1	1,744,807

Women and Money Theories

In Which Alan Campbell Develops Some Interesting Theories Regarding the Ability of Women to Understand Complicated Finance — Hard-boiled Weaker Sex?

BY PETER THOMPSON

With a disgruntled expression, Alan Campbell replaced the receiver. Alice had no right to be annoyed. After all it was the end of the month. As bank manager in Remford he had had to prepare the monthly returns to head office. A sensible woman ought to know that work came first. He had telephoned to say that he could, after all, take her to the Dennison's party. But Alice Marks had seemed uninterested.

He lit his pipe; and because his staff had gone, he put his feet on the desk. But he removed them hastily when a passer-by on Queen Street glanced through his office window.

His thoughts ran on the feminine mentality. He knew or thought he knew that women were realists, relentless in the pursuit of their own limited ambitions, caring naught for the feelings of others, ruthless in their action. After all men were the sensitive sex, the thinkers, the dreamers; only a man could understand sentiment.

Man, the Gullible

Hence, he reflected, it was men who swallowed all the funny ideas regarding money and banking. It was men who believed that entries in the books of the banks would bring prosperity. He had never yet met a female social crediter, or a woman who wanted inflation., but Campbell was young and his range of feminine friends was distinctly limited. Remford, too, was not in Alberta.

Women, he meditated were so hard-boiled that they could not confuse the counters, the chips in the game with what the chips represented. When men discussed money, they spoke of it as a commodity. Women realized that money is only a ticket for shoes, stockings, cabbages, gasoline and fur coats.

Credit

As for credit, women were sensible in this too. They knew that no one builds houses with credit, they build them with bricks, mortar and timber. The credit is the poker chip in the business game. Men often missed this point. Women, too, could not believe in the divvying up of what the social crediters called the cultural heritage. They realized that gold in the ground, trees in the forest, and the invention of the vacuum tube were valueless unless toil turned them into saleable or serviceable merchandise. Women knew that natural resources have no inherent value unless they can first be developed and then be traded for beef, woollen underwear or movie tickets, and that creating money and credit would not clip the wool from a sheep's back and turn it into an overcoat.

Commodities and Credit

It was strange, he thought, that Marks, Alice's father, who had long operated a successful business, could not be made to understand that when England expanded her credit tremendously during the war, the population still experienced a shortage of sugar and food, not to mention beer, the lack of which produced more outcries than the lack of food. Yet there was no scarcity of credit at the time.

Then, too, there was Deforest, the organist of St. Peter, the only real social "crediter" in Remford. Alan had tried to explain that increasing the number of lottery tickets would not alter the number of prizes in the tub, and that artificially expanding credit would not alter the number of exchangeable goods in existence.

Understanding Woman

One could explain to a woman how the banks and the central bank increased the number of tickets to correspond with increase in the amount of goods which could be bartered. A woman could understand that this prevented the value of the tickets from varying too much, but it was often impossible to explain this to men. It was unfortunate, he thought, that it was the same characteristics in women which made them understand these things that were also the attributes which produced that harshness, that lack of sympathy, and that lack of consideration for the feelings of others. He would not bother about Alice. He'd go home.

The telephone bell interrupted his musings. He picked up the receiver. With a yawn he said: "Campbell speaking . . . yes . . . yes, Alice." His voice was dignified at first, but grew warmer as the conversation proceeded. "Yes . . . that would be better than the party," he said. "I'll be right up."

As he slammed the front door of the bank, he thought that the night had never seemed more lovely.

PARADE OF THE DOLLARS

Musings, arguments, and explanations of Alan Campbell, Remford banker, will be continued in future issues of The Post.

Staff Changes

The Bank of Montreal has made the following changes in staff:

E. L. HOLLYER, formerly at head office, to be manager at Marcil & Sherbrooke, Montreal.

D. K. M. STEWART, formerly of the Ontario superintendent's department, to be manager at Williamsburg.

O. W. GRAYBIEL, formerly manager at Williamsburg, to be manager at Spadina & Adelaide, Toronto.

J. R. A. GRANT, formerly manager at Spadina & Adelaide, Toronto, to be manager at Dundas & Roncesvalles, Toronto.

J. J. M. STEWART, formerly manager at Dundas & Roncesvalles, Toronto, to be manager at West Toronto.

J. M. SANDERS, formerly of the superintendent's department, Winnipeg, to be assistant manager at Regina.

A. MACPHERSON, formerly assistant manager at Regina, to be assistant manager at Calgary.

H. J. OLDAKER, formerly assistant manager at Calgary, to be assistant manager at Vancouver.

J. D. MILLS, formerly manager at Alliston, to be manager at Campbellford.

D. WILSON, formerly manager at Campbellford, to be manager at Alvinston.

W. G. GROTHIER, formerly manager at Alvinston, to be manager at Alliston.

The Royal Bank of Canada announces the following appointments:

J. H. F. DUMONT, formerly assistant accountant at Amherst & St. Catherine, Montreal, to be accountant at Campbellton.

J. RILEY, formerly assistant manager, Caracas, to be manager at Cali, Colombia.

C. W. MARSHALL, formerly accountant at North Sydney, to be accountant at Bridgewater.

G. E. DONALDSON, formerly accountant at Bank & Somerset, Ottawa, to be accountant at Smiths Falls.

H. G. MACDONALD, formerly at Halifax, to be manager at Mulgrave.

L. R. CONRAD, formerly accountant at Lunenburg, to be accountant at North Sydney.

J. F. M. PINKHAM, formerly manager at Kitsilano branch, Vancouver, has retired on pension.

A. B. MACKIE, formerly joint manager at Sao Paulo, Brazil, died on Nov. 30

G. W. BELLEVUE, formerly at head office, Montreal, to be assistant manager at Montreal branch.

O. B. THORNTON, formerly assistant manager at Montreal branch, to be assistant manager at Toronto.

J. N. PUGH, formerly manager at Wolseley, Sask., has retired on pension.

Bank of Canada Weekly Statement

Probably reflecting the after-Christmas dullness in trade, note circulation of the Bank of Canada dropped further in the week ended Jan. 15 to $93.2 millions. Government deposits again moved up, this week by $8.8 millions, while deposits of the chartered banks were off $7.1 millions. The main change in liabilities was a decrease of $4.1 millions in short-term securities.

Balance Sheet

	Jan. 15 $	Jan. 8 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in cir.	93,154,761	97,145,263
Dep. Dominion	36,293,853	27,469,938
Banks	171,412,733	178,516,362
Other	847,557	599,405
Total deposits	208,554,143	206,585,704
All other liabs.	1,066,583	1,052,288
Total liabs.	307,775,487	309,783,255
Assets		
Reserve: Gold	179,814,598	180,067,787
Silver bullion	1,638,366	1,638,366
Res. in sterling	142,134	219,242
Res. in U. S.	9,756,198	8,552,100
Res. elsewhere	4,766	3,672
Total reserve	191,356,062	19,481,167
Subsidiary coin	168,654	142,665
Adv. to govt.	2,200,687	2,205,500
Investments:		
Dom. govt. short.	26,728,551	30,886,669
Other Dom. govt.	82,900,206	83,153,330
Total invest.	109,628,757	114,039,999
Premises	111,932	111,927
All other assets	4,309,395	2,801,996
Total assets	307,775,487	309,783,255
Reserve ratio	63.42%	62.71%

Notwithstanding

that experience has proven failure to make a Will one of the greatest mistakes a property owner can make many neglect this duty. If you have no Will there is a possibility of trouble and loss for your heirs which you can prevent by taking proper precaution now. Consult your Lawyer and our Estates Department. He will draw your Will—we will act as Executor and Trustee.

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J. F. HOBKIRK, Manager

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Feb. 20 MAJESTIC
Feb. 26 AQUITANIA
to Cobh and Liverpool
Feb. 15*' SAMARIA
Feb. 29* SCYTHIA
to Belfast and Liverpool
Feb. 7 ANDANIA
Feb. 21 ANTONIA
Mar. 6 ANDANIA
to Plymouth and London
Jan. 30 ALAUNIA
Feb. 13 ASCANIA
Feb. 20 AURANIA
Feb. 27 AUSONIA
*Calls at Boston following day
'Calls at Galway before Cobh

from HALIFAX*
to Plymouth and London
Feb. 2 ALAUNIA
Feb. 16 ASCANIA
Feb. 23 AURANIA
Mar. 1 AUSONIA
to Belfast and Liverpool
Feb. 10 ANDANIA
Feb. 24 ANTONIA
Mar. 9 ANDANIA
*Embarkation previous evening

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Notice to Holders of Debentures

of the

Township of York

Township of East York	**Town of New Toronto**
Township of Scarborough	**Town of Mimico**
Township of North York	**Town of Weston**
Township of Etobicoke	**Town of Leaside**

At the request of numerous owners of substantial amounts of debentures of the above municipalities, **protective committees** have been formed with a view to safeguarding the interests of holders of these bonds. Notices of the formation of the individual committees have already appeared in the press.

All members of the various committees are either owners of bonds or represent owners. All serve without remuneration.

In order that these committees may function effectively, it is necessary for a sufficient amount of all outstanding debentures to be deposited with the depositaries which, in each case, are Canadian Trust Companies, and the various committees recommend the prompt deposit of all outstanding bonds.

In the event of a reorganization or an adjustment of the debt structure being proposed during the life of a committee, the committee will not vote deposited debentures in support of such proposed plan without first communicating its recommendation to all individual Depositors, thus enabling them to express themselves in connection with the proposed plan. In the event of their non-approval, any holders, according to the terms of the agreements, will be at liberty to withdraw their debentures within twenty days from the time notice is sent.

Circulars briefly reviewing developments affecting the municipalities since the date of default and outlining the terms of the Deposit Agreements have been prepared. Copies of these and forms for the deposit of debentures, together with the personnel of any committee, will be gladly furnished upon request to the Secretary of any committee or to the depositaries. These are listed hereunder:

Township of York
Secretary, A. S. Burton, 112 King St. W., Toronto.
Depositary, National Trust Co., Toronto, Hamilton or other branches.

Township of East York
Secretary, Graham Lawson, 25 King Street West, Room 1010, Toronto.
Depositary, The Toronto General Trusts Corporation, Toronto, Montreal, Ottawa, Windsor or other branches.

Town of New Toronto
Secretary, A. C. Cochrane, 200 Bloor Street East, Toronto.
Depositary, The Toronto General Trusts Corporation, Toronto, Montreal, Ottawa, Windsor or other branches.

Township of Scarborough
Secretary, N. D. Crisp, 80 King Street West, 19th Floor, Toronto.
Depositary, The Trusts & Guarantee Company, Limited, Toronto, Brantford, Windsor or other branches.

Town of Mimico
Secretary, H. Vandervort, 255 Bay Street, Toronto.
Depositary, The Sterling Trusts Corporation, 372 Bay Street, Toronto, or Regina.

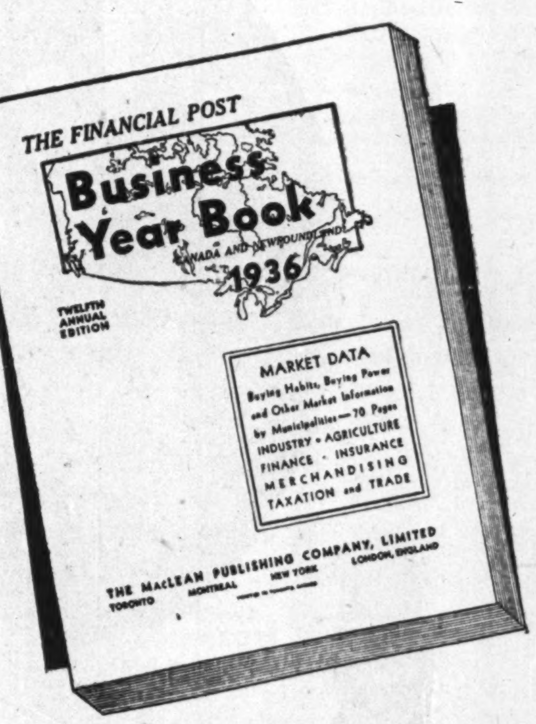
Township of North York
Secretary, W. E. C. Martin, 330 University Avenue, Toronto.
Depositary, The Canada Permanent Trust Company, Toronto, Woodstock, Brantford or other branches.

Town of Weston
Secretary, A. W. Nursey, 253 Bay Street, Toronto.
Depositary, The Canada Permanent Trust Company, Toronto, Woodstock, Brantford or other branches.

Township of Etobicoke
Secretary, A. S. Haydon, 15 King Street West, Toronto.
Depositary, The Toronto General Trusts Corporation, Toronto, Montreal, Ottawa, Windsor or other branches.

Town of Leaside
Secretary, C. H. Webb, 302 Bay Street, Toronto.
Depositary, The Canada Permanent Trust Company, Toronto, Woodstock, Brantford or other branches.

Here it comes!



THE FINANCIAL POST
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Do Earnings Statements Disclose Whole Truth?

Executive Claims Directors Withhold Information for Shareholders' Own Good

By WELLINGTON JEFFERS

Is it right for company directors to deceive shareholders when directors honestly believe such deception to be in the best interests of the shareholders themselves?

Is it proper, for example, to understate profits so that shareholders may not demand more dividends than are justified?

Or if a company is not doing well, and directors think it foolish to let shareholders know the full story, are directors justified in withholding all the facts when a company is losing money and its position is being weakened?

One set of directors argues that too much knowledge would make shareholders greedy to have prosperity shared before it is wise. Another set argues that losses of one, two, three or four years may be made up in succeeding years and that there is no sense in unduly depressing the owners or causing them to sell out.

Sensitive Shareholders

But have directors any right to be so careful of the feelings of shareholders?

Is it not their duty to give the owners a correct accounting and let them interpret the figures as they please?

If they want to withhold part of the profits from shareholders should they not be required to state how much they are withholding and say why they ae doing so? There may be cases where premature publicity would prevent a company reaping the fruit of its foresight in some enterprise. But this article has to do with accounting after the event, in most cases.

Provincial legislatures will soon be meeting. They were given a lead at Ottawa in 1934 and 1935 with a Dominion Companies Act which aims at full disclosure of all important figures.

By asking for consolidated statements it aims to prevent holding companies hiding assets or liabilities in the accounts of subsidiary companies.

It asks for special losses of a subsidiary to be disclosed in at least a note to balance sheets. Provinces lag far behind in such legislation.

It would be a great advance if provincial governments, most of them as Liberal as the King government at Ottawa, would pass legislation this winter which would make obligatory modern requirements on companies for correct accounts and full disclosure in prospectuses.

Wants Pretty Balance Sheet

The whole matter is getting important ventilation in the British Isles at present as a result of remarks at the annual meeting of Tube Investments, Ltd., by its chairman, Arthur Chamberlain.

He told the shareholders frankly that the directors do not bring into their balance sheet the whole of the profits their activities have created.

His company, he says, only brings in enough to pay the dividends recommended and to place to general reserve or add to the carry-forward so much as they consider will make a "pretty balance sheet."

Two-Thirds of Profits

During the slump, Mr. Chamberlain admitted, the company got very "near the bone," and at one time brought in almost everything. He considers it a sound rule for a manufacturing business that it is not safe to divide more than two-thirds of the profits earned.

He goes further and says, "if it is not safe to divide more it is better not to show more and run the risk of exciting appetites that are not going to be satisfied."

Mr. Chamberlain admits some force in arguments for disclosure when he says it is well to show larger earnings in a year where larger earnings are made and smaller when smaller earnings are made. They will not be the real figures, but they will indicate the trend. He thinks that is enough to disclose.

Balance Sheets at Will

Mr. Chamberlain says this is a general practice.

"I do not suppose," he says, "there are many who are simple enough to believe that a company's accounts, particularly holding companies, set forth the actual and exact profits earned in each year.

"The items on which different views can be taken, sometimes with perfect honesty and sometimes with less, sometimes with prudent foresight and sometimes with lack of it, are legion.

"Between the two extremes, I would almost undertake to draw up two balance sheets for the same company both coming within an auditor's statutory certificate, in which practically the only recognizable items would be the name and the capital authorized and issued."

Directors Responsible

Mr. Chamberlain said that the ordinary shareholder is lucky if he can read from a balance sheet more than an idea of the general tendency forward or backward, "unless the directors wish him to."

He denies that this means balance sheets are false. They disclose truth in its most reasonable aspects, he asserts.

In opposition to Mr. Chamberlain's contention it must be said that in Canada, as in England, the whole trend is toward legislation intended to make it obligatory that shareholders be well served in their annual reports.

Directors and auditors take great responsibility if they permit accounts which understate the actual prosperity of company in good times or do not disclose the full measure of adversity in bad times.

A Fool's Paradise

The Stock Exchange Gazette gives one instance where a British holding company paid a regular dividend for several years out of profits which appeared to be divided almost to the hilt.

Then came a year when a 100 per cent share bonus was distributed out of undisclosed profits. These had been accumulated for years by the subsidiary undertakings, and on this doubled capital the old rate of dividend was maintained.

The unfortunate shareholders, who had got tired of waiting and who had sold, were badly served in this instance.

There have been other cases where the shoe was on the other foot. Shareholders have been kept in a fool's paradise for years by dividends and then have suffered tragic disappointment when they found there were no more dividends to disburse.

The balance sheets of successive years in many of these cases successfully hid the trend toward disaster.

What do Auditors Mean?

The Dominion Companies Act was recast in 1934 and 1935 with the whole object of making directors, management and auditors feel their responsibility to tell shareholders the whole truth and nothing but the truth, whether the truth was good or bad. It is now up to the provinces.

The shareholders have a right to expect auditors to give their certificate of correctness in terms which do not hide their mental reservations.

Many critics, for instance, are asking what auditors really mean when they say accounts are correct "to the best of our information."

Is that an adequate assurance to shareholders?

It is one of the points on which a workable policy has gradually to be hammered out in Dominion and provincial parliaments.

There has been progress but there is room for much more.

C.N. Hotels and Ships Do Better in 1935

From Our Own Correspondent

MONTREAL. — Operations of Canadian National Hotels, Canadian Government Merchant Marine and the Canadian National (West Indies) Steamships showed a profit in 1935, according to preliminary estimates prepared by Hon. C. P. Fullerton, chairman of the board of trustees.

Following is the record of these three divisions, showing the changed status of their earning power:

Hotels	
1931 Operating loss	$193,000
1934 " profit	37,000
1935 (est.) " "	83,000
Canadian Government Merchant Marine	
1934 Operating loss	$127,000
1935 (est.) " profit	273,000
Improvement	400,000
Canadian National (West Indies) Steamships	
1933 Operating loss	$497,000
1934 " "	96,000
1935 (est.) " profit	164,000
Railway Revenues	
1933	148 millions gross rev.
1934	165 " " "
1935 (est.)	173 " " "

ST. LAMBERT PLAN WOULD CUT RATES FOR CITY'S BONDS

Compromise Offered Holders; Quebec Commission Supervision

From Our Own Correspondent

MONTREAL. — Holders of the city of St. Lambert bonds will meet in Montreal on February 10 next to consider a plan put forward by the city with the approval of the Quebec Municipal Commission, with a view to straightening away the city's finances.

The proposal which bondholders will be asked to ratify follows:

All maturities will be postponed for three years.

The interest rate will be reduced 1 per cent, the minimum rate to be 4 per cent.

There will be no loans during the next 18 years unless required or urgent capital expenditures and the interest rate will not exceed 4½ per cent, the average of the new rate.

Every year for 18 years the budget and tax rates must be accepted by the Quebec Municipal Commission.

New bonds will be issued to carry out these conditions under the same by-laws.

Commission Approves

The Quebec Municipal Commission has devoted several months to studying the plan and has approved the proposal.

Steps have been taken to alter the city's financial position by a revision of the Housing Scheme Loan giving the city the benefit of lower interest rates and a longer period of time to liquidate the capital debt.

"The total consolidated debt," states a letter sent by the city to the bondholders, "exclusive of the Housing Scheme Loan, amounts at the end of 1935 to $3,416,388, representing 36.7 per cent of the present taxable property."

It points out that debt charges absorb 70.87 per cent of the actual total revenue of the city and that the annual cash revenue is short by at least $60,000, due to the fact that the city could not collect taxes and special assessments on vacant lands, which had since become the property of the city.

Tax Revenue Shrinkage

Shrinkage of tax revenue is set forth in the plan, showing that in 1929, with a tax rate of 15 mills, $256,184 was levied, while in 1935 at the tax rate of 17.5 mills, only $252,400 was levied.

The estimate for 1936, with a rate of 17.5 mills, is only $207,900. This reduction is attributed directly to sales for tax arrears in the last three years.

The remedy, as set forth in the letter, lies in the revision of the bonded debt of the city

REFUSING CASH TO CAN. HOLDERS GERMAN BONDS

Germany Pays Dollars in U. S. But Not in Canada

Canadian holders of German Dawes and Young loan bonds are not eligible to receive the cash payments for the last 1935 coupons being made to American bondholders.

The matter of equal payment for Canadian bondholders has been referred to the Dominion government and will be a matter for negotiation with the German government, The Financial Post is informed.

The Dawes bonds are the seven per cent issue, due 1949, and the Young bonds are 5½ per cents, due 1965. Many are held by Canadians.

Payment Announced

On Oct. 4, 1935, the Hamburg-American Line North German Lloyd announced that it would pay cash interest on German Dawes and Young bonds domiciled in the United States before Oct. 1, 1935. The payment on the Oct. 15 Dawes loan coupon was a rate of five per cent, $25 per $35 coupon. On the Dec. 1 Young loan coupon, payment of $20 cash, at four per cent, was made on each $27.50 coupon.

Canadian bondholders tried to obtain these cash payments but have been refused.

German Method

The German government has arranged payment of interest on Dawes and Young bonds on different bases with individual countries. Payment is being made in accordance with special arrangements. Canada has made no specific arrangement. Hence, Canadian bondholders can obtain payment only in the form of blocked reichsmarks. These can be sold in New York for the equivalent in dollars of about 50 per cent of the face value of the bond interest coupons.

In explaining its refusal to give Canadian bondholders the same treatment as U.S. holders, the German government states that it cannot include Canadian bonds in the arrangement lest it discriminate against bondholders in other countries.

Blocked Currency

In all places where special arrangements have not been made Germany is paying interest only in blocked reichsmarks. These cannot be converted at face value into foreign currencies, so that bondholders in numerous countries can only sell their blocked German money for what it will bring.

Payment of the U. S. coupons is being effected through the German shipping line from payments the line receives in dollars in the United States.

Municipal Finances

Toronto reports an increase of $1.1 millions in direct unemployment relief expenditures in 1935, although there was a decrease of 15,000 in the number receiving relief. The increase is attributed to additional supplies issued on the instructions of the Ontario government and increased prices of commodities. Direct relief expenditures totalled $9,975,643 and the net cost to the city was $3,597,777.

* * *

Calgary taxpayers will in all probability be called upon to pay a higher mill rate in 1936 than in 1935, unless the city can find ways and means of meeting reductions in assessment and increases in fixed charges. The mill rate, it is expected, will be at least 53 mills, an increase of three mills over last year. Assessment is down $2.9 millions.

* * *

Regina direct relief costs in 1935 amounted to $1,321,852, of which the city paid $492,537 and the Saskatchewan government, $829,315. In 1934, total cost of relief was $1,287,830 of which the city's share was $493,370. Since Dec. 1 last the provincial government has been paying 80 per cent of the cost instead of 66 2/3 per cent.

* * *

Hull, P.Q., in an attempt to balance its budget and maintain its credit standing, has increased its tax rate for 1936 by $2 per $1,000 of assessed value. The new tax rate, dating from May 1, 1936, will be $18 per $1,000 of assessment instead of $16, the prevailing rate for several years past.

* * *

St. Thomas, Ont., improved its financial position in 1935, tax collections showing improvement and bank loans being reduced. Tax collections in 1935 totalled $704,431, or 102 per cent of the levy. Collections of current taxes were the best since 1931 and arrears were reduced to $297,503. Bank loans were reduced by $38,795.

* * *

Hamilton, Ont., improved its tax collections in 1935. Total tax receipts were $8,250,232, an increase of $586,890 over 1934.

* * *

Sandwich West, Ont., has improved its financial position and hopes to refinance its bonded indebtedness in the current year. The council has requested the Ontario Department of Municipal Affairs to proceed with a refinancing scheme as soon as possible. Tax collections have improved.

* * *

Owen Sound, Ont., reduced its tax arrears in 1935 to $82,147, a decline of $11,000 from 1934. The city was able to finance itself in 1935 without borrowing any money from the bank for current purposes.

* * *

Sudbury, Ont., had better tax collections in 1935 than in 1934, collections amounting to 106.8 per cent of the levy. Tax receipts totalled $814,116 as compared with $758,187 in 1934. Collections of current taxes amounted to 70.26 per cent of the levy.

* * *

Scarborough Township reports slightly higher tax collections in 1935. A total of $356,395 in current taxes was collected and $257,748 in arrears, making $614,413 in all. Total collections in 1934 were $606,827.

* * *

Campellton, N.B., reports an increase in revenue of $20,000 in 1935. Tax collections were up $12,000 and the bank overdraft was reduced $8,000.

* * *

North Bay, Ont., is now under the control of the Ontario Department of Municipal Affairs. Civic expenditures will be closely checked by the department.

* * *

Montreal has $6,827,245 of bonds, loans and promissory notes maturing during 1936. Of this amount $3.6 millions carries 4½ and 5 per cent interest, and it is probable that this will be refunded at a lower rate.

* * *

Brandon, Man., is in financial difficulties and has advised the Manitoba government that after the end of January it cannot pay any portion of unemployment relief expenditures.

* * *

Toronto total tax collections in 1935 amounted to $36.9 millions, or 104 per cent of the levy. Collections of 1935 taxes totalled $29.1 millions, or nearly 82 per cent of the levy. Tax arrears were reduced by $1.4 million to $10,060,015.

* * *

Outremont, suburb of Montreal, has budgeted for an increase in expenditures of $15,000. Property owners, however, will pay about $100,000 less in anticipation of that amount being received from Montreal as the city's share of income and sales' tax returns.

* * *

Moncton, N.B., had a surplus of $17,465 for the year ended Dec. 31, 1935.

* * *

Woodstock, N.B., had a surplus of $6,000 in 1935, according to the report of the town manager.

* * *

St. Louis de Chambord Parish, Que., has been authorized by the Quebec Municipal Commission to pay interest coupons due Jan. 1, 1934.

Sawyer-Massey Handles Austin Western Line

Sawyer-Massey, Ltd., Hamilton, has concluded arrangements by which in future it will manufacture and sell road machinery according to the designs of the Austin-Western Road Machinery Co., Aurora, Ill., one of the largest road equipment manufacturers in the United States.

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EXTENDS SYMPATHY to the families of One Thousand Two Hundred and Sixty-Four of its policyholders who died during 1935—but

DERIVES GRATIFICATION from the fact that it has been privileged to pay them nearly Three Million Four Hundred Thousand Dollars. In addition nearly Thirteen Million Dollars was paid during the year to living contract-holders.

RECORDS that, since its inception, it has paid to policyholders and beneficiaries almost One Hundred and Seventy Million Dollars.

APPRECIATES the continued confidence of the public as shown by new business of over Fifty Million Dollars.

ANNOUNCES that its total insurances and annuities in force amount to over Five Hundred and Seventy Million Dollars.

REMEMBERS that it holds in stewardship, for policyholders and others, its assets of over One Hundred and Forty-three Million Dollars.

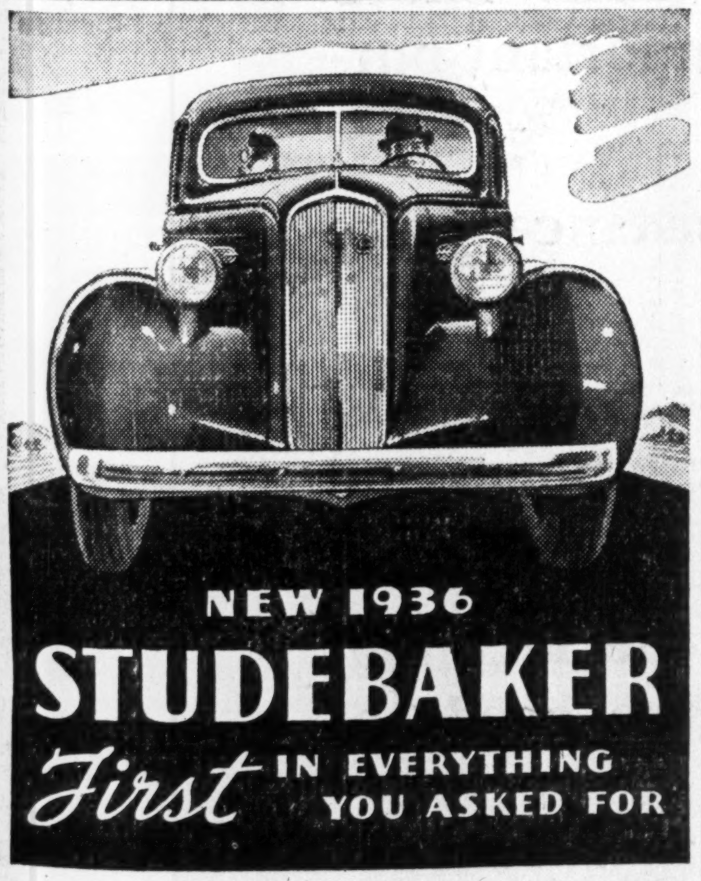
REPORTS an increase in surplus after providing liberal participation returns to policyholders and after conservatively valuing assets and liabilities.

Important Items for 1935

Business in Force (including annuities)	$570,774,224
New Business Issued (including annuities)	50,667,747
Total Income	26,531,468
Payments to Policyholders and Beneficiaries	16,195,082
Assets	143,595,896
Liabilities (chiefly to Policyholders)	137,243,371
Surplus, Contingency Reserve and Capital	6,352,525

Write for your copy of The Great-West 32-page booklet, containing the complete 44th Annual Report and other interesting life insurance information.

THE GREAT-WEST LIFE ASSURANCE COMPANY
HEAD OFFICE — WINNIPEG



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Studebaker's new 7% C.A.C. Plan offers a new "low" in time payments.

The Studebaker Corporation of Canada, Ltd.

104th Annual Statement

The Bank of Nova Scotia

Capital Paid Up $12,000,000 — Reserve Fund $24,000,000

PROFIT AND LOSS

Balance December 31st, 1934			$ 682,454.96
Net profits for the year ending December 31st, 1935, after Dominion and Provincial taxes $500,462.42 and after making appropriations to Contingent Accounts out of which accounts full provision for Bad and Doubtful Debts has been made			1,834,174.78
			$ 2,516,629.74
Dividends for year at 12% per annum			$ 1,440,000.00
Contribution to Officers' Pension Fund			115,000.00
Written off Bank Premises			250,000.00
Balance carried forward December 31st, 1935			711,629.74
			$ 2,516,629.74

GENERAL STATEMENT AS AT DECEMBER 31st, 1935

LIABILITIES

Capital paid up		$ 12,000,000.00	
Reserve fund		24,000,000.00	
Dividends declared and unpaid		362,060.40	
Balance of profits, as per profit and loss account		711,629.74	
			$ 37,073,690.14
Notes in circulation		$ 9,714,395.90	
Deposits by and balances due to Dominion Government	$ 255,372.09		
Deposits by and balances due to Provincial Governments	851,318.66		
Deposits by the public not bearing interest	46,867,437.60		
Deposits by the public bearing interest, including interest accrued to date of statement	183,235,959.27		
		231,210,087.62	
		$240,924,483.52	
Deposits by and balances due to other chartered banks in Canada		2,319,248.25	
Deposits by and balances due to banks and banking correspondents in the United Kingdom and foreign countries		1,985,505.64	
Bills payable		623,251.47	
			245,852,488.88
Acceptances and letters of credit outstanding			5,583,112.02
Liabilities to the public not included under the foregoing heads			313,596.95
			$288,822,887.99

ASSETS

Gold and subsidiary coin	$ 2,750,831.27
Notes of Bank of Canada	2,980,731.50
Deposits with Bank of Canada	22,738,275.47
Notes of other chartered banks	535,142.32
Government and bank notes other than Canadian	3,206,378.92
Cheques on other banks	11,397,462.83
Due by banks and banking correspondents elsewhere than in Canada	7,781,615.10
	$ 51,390,437.41
Dominion and provincial government direct and guaranteed securities, maturing within two years, not exceeding market value	35,394,313.17
Other Dominion and provincial government direct and guaranteed securities, not exceeding market value	54,385,652.58
Canadian municipal securities, not exceeding market value	12,455,823.74
Public securities other than Canadian, not exceeding market value	941,949.69
Other bonds, debentures and stocks, not exceeding market value	10,067,303.62
Call and short (not exceeding thirty days) loans in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover	5,917,439.05
Call and short (not exceeding thirty days) loans elsewhere than in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover	2,444,211.71
	$172,997,130.97
Current loans and discounts in Canada, not otherwise included, estimated loss provided for	77,987,842.26
Current loans and discounts elsewhere than in Canada, not otherwise included, estimated loss provided for	14,459,809.95
Loans to provincial governments	637,161.99
Loans to cities, towns, municipalities and school districts	5,953,667.16
Non-current loans, estimated loss provided for	797,253.47
Liabilities of customers under acceptances and letters of credit as per contra	5,583,112.02
Mortgages on real estate sold by the bank	100,967.17
Bank premises, at not more than cost, less amounts written off	7,008,923.72
Deposit with the Minister of Finance for the security of note circulation	567,003.65
Shares of and loans to controlled companies	2,650,000.00
Other assets not included under the foregoing heads	80,015.63
	$288,822,887.99

J. A. McLeod, President. — H. F. Patterson, General Manager.

Auditors' Report to the Shareholders:

We have examined the above General Statement of Liabilities and Assets as at December 31st, 1935, and compared it with the books at the Chief Office and with the certified returns from the Branches. The Bank's investments and cash on hand at the Chief Office and at the Toronto and Montreal Branches were confirmed by us at the close of business on December 31st, 1935. We have obtained all the information and explanations that we have required, and in our opinion the transactions of the Bank which have come under our notice have been within the powers of the Bank.

We report that in our opinion the above statement discloses the true condition of the Bank and is as shown by the books of the Bank.

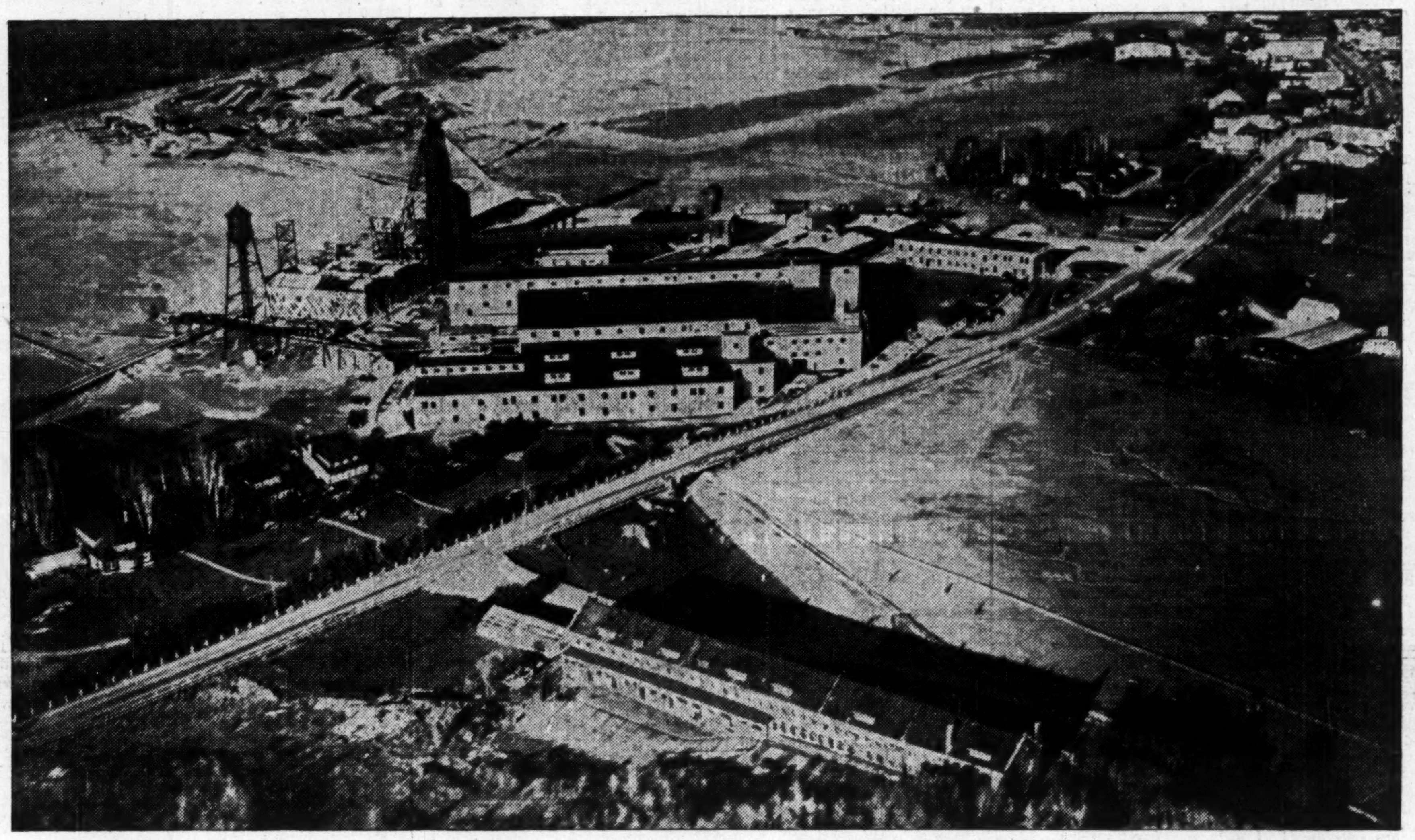
D. McK. McClelland, F.C.A., of Price, Waterhouse & Co.
W. D. Glendinning, C.A., of Glendinning, Gray & Roberts — Auditors.

Toronto, Canada, 14th January, 1936.

LAKE SHORE MINES LIMITED

EIGHTEEN years ago, Lake Shore Mines started operations with a mill handling 60 tons of ore per day. Today Lake Shore Mines handles over 2,300 tons per day.

In the course of this growth to the largest gold producing operation in Canada, Lake Shore Mines has spent many millions of dollars for wages, salaries and supplies of all kinds.



THE purchasing power which Lake Shore has released throughout Canada in the course of its rapid growth has taken a variety of forms. In addition to the purchasing power represented by dividends, of which Lake Shore Mines has distributed some $40 millions, there is the equally important purchasing power represented by wages and supplies.

The record of one year is indicative of what tremendous assistance Lake Shore has been to Canada.

In 1935 Lake Shore Mines paid to its employees $2,463,154 in wages and to the manufacturers and railroads went another $2,517,315 for supplies and equipment.

The stimulating effect of these distributions was enhanced by the fact that they were spread over a wide variety of industries supplying the needs of Canadian gold mines.

LAKE SHORE MINES LIMITED

Head Office: Kirkland Lake, Ont. *Mine Office:* Kirkland Lake, Ont.

THE FINANCIAL POST

SECOND SECTION

Vol. XXX — Member of Audit Bureau of Circulations — PUBLICATION OFFICE: TORONTO, JANUARY 25, 1936 — 10c a Copy; $5.00 a Year — No. 4

Windsor Debt Scheme Called "Sheer Robbery"

Press Comment Generally Unfavorable to Past and Present Financing of City — Newspapers Say Plan Harms Credit in Ontario

"Sheer robbery" is the description given by the Saint John Telegraph-Journal to the proposed scheme of writing $13.4 millions off the face value of Windsor bonds.

Favorable press comment on the Windsor scheme comes chiefly from the Windsor Star.

Violent expressions of opposition to the scheme come from a number of newspapers.

"With the consent and active encouragement of a minister of the Ontario Government, Windsor and the adjacent municipalities propose to rob the school district of Saint John city of a substantial sum of money. This is strong language, but it simply states the facts of the case," according to the Saint John Telegraph-Journal.

Condemns Ontario

The Saint John newspaper concludes a startling editorial: "If this is an indication of the Ontario mind in regard to financial responsibility, then the sooner Ontario bonds of all kinds are declared ineligible as trustee and sinking funds within the province of New Brunswick, the better it will be for all concerned."

"Windsor's action can scarcely hope to escape the designation of robbery," echoes the Toronto Telegram.

"This is simply default," is the editorial comment of the Ontario Journal.

"Other Ontario municipalities," says the Journal, "have a very direct interest in the Windsor debt scheme. If it is forced upon bondholders, the credit of every municipal government in this province is bound to suffer, because it would create confusion and uncertainty in the mind of capital."

Blow to Credit

The Kingston Whig-Standard says: "If this scheme goes through, not only will Windsor bondholders lose, but the credit of Ontario municipal debentures will get a heavy body blow." The paper adds: "It is to be hoped that the Hepburn government which has itself set a sorry example in repudiation of obligations, will mend matters somewhat by refusing to confirm the Windsor refunding plan."

The Woodstock Sentinel-Review says that the rest of Ontario is being taxed to provide a remedy for the mistakes of municipal representatives who led Windsor into the most inexcusable blunders and who are now trying to shift the burden to the shoulders of those who are in no manner responsible for the delinquency.

Hurts Ontario Credit

"The credit of the province of Ontario should not be allowed to be impaired by schemes of this character, and the provincial government should make that clear to the Windsor Finance Commission," states the Brantford Expositor. "The bondholders," the Expositor comments, "will probably not agree to this arrangement, and it is to be hoped that they will not."

"It is quite apparent," says the London Free Press, "that the Windsor scheme is not going to be accepted with good grace, nor is it going to help the credit of Ontario or of Ontario municipalities."

Says Walkerville Sane

The Galt Reporter says that Walkerville is apparently the one community of the group where some sanity in public business was maintained, but, against its will, has been commandeered for the purposes that underlie the subtle business of establishing the new city of Windsor.

The Sault Ste. Marie Star views the Windsor debt proposal as an important precedent. It says: "The reduction of the debt of Windsor will open the whole question of municipal finance, for there are quite a few other municipalities which are in difficulty, and they will be asking why they should not receive the same consideration as Windsor."

Called "Financial Circus"

"The whole business of the municipal consolidation and the reconstruction is a financial circus quite in keeping with the hilarious fashion in which debts were piled up," states the Sarnia Observer of the Windsor proposals.

It also comments: "When creditors are asked to assent to this reconstruction of the debt, they are likely to have some difficulty in making themselves believe that the proposal is founded on any better commercial morality than were the transactions in municipal direction that resulted in the dissipation of the municipality's assets in the first place."

Windsor Viewpoint

The Windsor Star says: "While there is widespread regret over the situation that makes refinancing of the city of Windsor's capital indebtedness necessary, there will be little surprise over the introduction of the general plan because of many intimations that a reduction of principal debt and interest was inevitable."

In justifying the scheme, the Star comments: "We appreciate that in some cases a genuine hardship will be created. This everyone will regret, but five years of depression have produced losses for practically everyone." Another comment by the Star, however, is: "The main thing to keep in mind, now, is that we have obligations and that it is our duty to meet them as fully as possible."

Arthur Roy Elected Head of French-Canadian Bank

From Our Own Correspondent

MONTREAL. — Appointment of Charles Arthur Roy to the presidency of the Provincial Bank of Canada adds another name to the growing list of banker presidents. He succeeds Mr. Gerin-Lajoie, who took over the position temporarily following the death of S. J. B. Rolland, who had been president of the bank for many years.

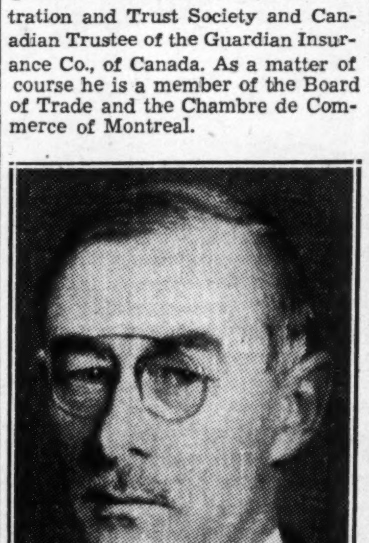
The Provincial Bank and its affairs are not especially widely known in the Dominion, as its operations are largely confined to the province of Quebec, though a few branches are maintained in Ontario, New Brunswick and Prince Edward Island. Moreover the bank only came into being in 1900, but in the last 36 years it has developed into an important unit in the eastern Canadian banking field.

Started as Junior

While the bank was still in the process of establishment, Arthur Roy joined the institution in 1905 as a junior. He was then 21 years of age. During the previous five years he had been associated with a small department store in his home town of St. Remi.

His career with the Provincial Bank has given him a broad and practical experience of the fundamentals of banking. He became in turn an accountant, manager, inspector of branches and in 1915 was appointed secretary of the bank. Then followed several years in charge of the credit department. In 1924 he was promoted to be assistant general manager and general manager three years later.

Mr. Roy has followed the practice of other banking men by limiting his outside interests so that they do not interfere with his avocation of banking. He is a director of La Sauvegarde Life Insurance Co., Administration and Trust Society and Canadian Trustee of the Guardian Insurance Co., of Canada. As a matter of course he is a member of the Board of Trade and the Chambre de Commerce of Montreal.



ARTHUR ROY

Hedley M. Smith Named President of B.C. Exchange

From Our Own Correspondent

VANCOUVER.—Hedley M. Smith, of R. Gelletly & Co., is the new president of the Vancouver Stock Exchange. He succeeds A. E. Jukes, of A. E. Jukes, & Co.

Mr. Smith has been active in financial circles here for many years. He came here from Moosomin, Sask., as a boy in 1900. He was educated at Queen's School and King Edward High School, articled for law in 1911 and called to the bar five years later. He joined R. Gelletly & Co., an old established firm and one of the pioneer members of the exchange, in 1928.

Frank E. Hall is vice-president of the exchange; John McGraw honorary secretary, and D. F. MacKenzie honorary treasurer. The executive committee consists of A. E. Chilcott, A. E. Jukes, D. B. Manley, J. C. Ross and A. N. Wolverton.

Saskatchewan Budget Improves $1.6 Millions

Net improvement in the Saskatchewan budget situation up to the latter part of 1935 was approximately $1.6 millions.

The deficit in 1934-35 was $2.7 millions, so that by the end of the fiscal year on April 30, 1936, it is anticipated that the ordinary budget will be brought closer to a balance. However, this will still leave out of account expenditures for unemployment relief purposes.

The improvement in the budget situation has been effected by reducing expenditures, while revenues have risen.

Montreal Security Values Top All Previous Records

From Our Own Correspondent

MONTREAL. — Stocks and bonds traded on the Montreal Stock Exchange and Montreal Curb Market had a value of $7,325 millions on December 31 last. This represents an increase of $115 millions over the previous month and a gain of $825 millions when compared with the total value at the end of 1934.

British Columbia's MacMillan

In Lumbering, Fishing and Shipping Circles Along Pacific Coast H. R. MacMillan is Potent Factor

H. R. MacMillan

At 23 years of age life seemed ended for H. R. MacMillan, now of Vancouver. He lay in the shadow of death for 15 months and it was another 15 months before he was back at work. Legend has it that he turned his calamity into a blessing by hammering out in this long period of enforced leisure the philosophy and the business principles which ever since have guided him in all his undertakings.

What Mr. MacMillan has actually done with his life since that time may be judged by this summing up by a friend:

"By far the biggest business man on Canada's Pacific Coast is H. R. MacMillan. His boats ply the seven seas; he ships just half of British Columbia's lumber exports. He packs a large proportion of its salmon. He is one of the world's largest customers of the Panama Canal."

Born on Yonge Street

Mr. MacMillan was born 50 years ago on Yonge Street, near Newmarket, Ontario. As that is a prolongation of Toronto's principal street, he just escaped being a Toronto boy. After graduating in agriculture from the University of Toronto, he went on to Yale for a post-graduate course in forestry. Later he did some work for the Ontario government and still later secured a position with the Department of the Interior at Ottawa.

Probably he worked too hard. At any rate he was still only 23 years of age when illness overtook him. He spent the next two and a half years on his back fighting the new enemy. The fight began in New York State at the famous Saranac Lake sanitarium and was later continued at Ste. Agathe in Quebec.

There is undoubtedly something in the legend that during this illness Mr. MacMillan acquired a business philosophy and a working code which have assisted in making him very effective in everything he has since undertaken. Just before he boarded the train for Vancouver, after a recent visit to Toronto, The Financial Post asked him how far the legend was true.

"Undoubtedly the thinking I did then affected my whole life," he admitted. "I cannot tell you just how."

Career an Inspiration

Many outstandingly successful men in Canada trace back to a period of leisure some of their most constructive ideas. Associates may smile when a fishing trip or cruise is suggested as the means of solving a problem requiring thought. But it is an actual fact that many a man returns to his post so sizzling with ideas that his more jaded associates can scarcely keep up with him. They rightly attach great importance to the fact that they have borne the burden in the heat and dust of the day while he was away. But it is undoubtedly true that something new often enters the business when he returns.

H. R. MacMillan naturally finds it very difficult to boil the thoughts of two and a half years into a few sentences. It would need a large book, even if compactly phrased.

A strong frame and a good constitution carried him successfully over the first 15 months when death was expected. For the rest of the time he faced life, not death. And he had still 15 months "to think things out" on this basis. Lord Strathcona got much the same benefit during decades of seeming isolation in a Hudson's Bay post in Labrador or still earlier tending sheep on a Scottish hillside. When he came back to city life he also had "thought things out."

Mr. MacMillan told The Financial Post that there are many Canadian instances of men who have achieved a large success in business, industrial or professional life after a hard bout with a wasting illness. One notable instance was of a doctor who aided Mr. MacMillan materially in his fight for life. The doctor also recovered and is a nationally known expert in his specialty now.

With Forestry Service

On his discharge, Mr. MacMillan returned to the Department of the Interior at Ottawa. His attainments eventually caused British Columbia to seek him. He became chief forester of that province. He worked arduously at these jobs as he works now. He has continued in good health through all these years. Yet he travels continuously by air, water and land. On the move or seated at his desk his mind is steadily and consecutively on the various problems incident to his wide-flung business.

Quitted Civil Service

Mr. MacMillan's civil service activities led directly into constructive activities in the commercial world. He developed the H. R. MacMillan Export Co., now one of the largest lumber exporting organizations on the Pacific Coast, and he is president of Canadian Transport Co., a shipping line to carry lumber and other products. His successes in marketing lumber outside Canada and his recent pioneering of the Vancouver-British West Indies line explain the qualities and experience which make him important as well to British Columbia Packers, big salmon packing concern of which Mr. MacMillan is president. Solution of its problems, too, needed a man used to dealing with natural resources, familiar with the requirements of governments and markets.

Competitive Costs

In both the lumber and salmon packing industries costs have to be competitive if the product is to be sold in markets of the world. When Mr. MacMillan took charge of B. C. Packers, and most of the time since then, recurrent annual reports show that the cost of obtaining the raw fish has been steadily rising in British Columbia until it is apparently double what it is in Alaska, Japan and Siberia. The low cost of the large packs in Alaska and Asia especially sets the sales price in export markets where half of British Columbia salmon is sold.

In such circumstances Mr. MacMillan has followed the policy rigorously of cutting down controllable costs, eliminating avoidable costs and simplifying the capital structure of the company. B. C. Packers has closed down all but eight of the 45 plants scattered previously over 1,000 miles of coast line of British Columbia and Vancouver Island.

Believes in Self-help

"The British Columbia salmon industry, which sells over 98 per cent of its product outside British Columbia and over 50 per cent outside Canada, is peculiarly exposed to any form of provincialism or nationalism that tends to restrict markets," said Mr. MacMillan in the course of a recent report to shareholders.

The packing industry is exposed to governmental control at two points. Dominion authorities inspect and grade the canned salmon. This grading is perhaps in the interest of the industry as a whole. It does not particularly benefit those larger companies, however, which over a period of years and at considerable expense have built up their own grades, as the tendency is for the government grades to supersede private brands in foreign markets.

Government and Business

Canning companies also come sharply into contact with government forces in conservationist attempts. The authorities are trying to preserve the salmon by limiting periods of fishing, superintending spawning operations and studying the habits of the fish. The British Columbia government is interested mainly in a good return to fishermen and some companies have claimed that its setting of sockeye prices paid to fishermen is the thin edge of the wedge for price control which might destroy competitive ability.

Mr. MacMillan understands both points of view. He is a strong individualist who believes in industries working out their own salvation and problems. But also he has been an important civil servant and knows that within certain limits governments can be helpful. They cease to be helpful and become obstructive when policies begin to be governed by political rather than economic considerations.

He is strongly in sympathy with humanitarian objectives but has repeatedly pointed out that there is a point with export industries especially where "high taxes to finance high standards of social legislation may defeat their object by reducing competitive costs so that important markets are lost and unemployment follows." He has argued consistently that fundamentals in production and marketing should always be kept in view by legislators.

Advocate of Middle Course

In connection with lumber he advocated "a sound middle course which can be established on a basis of fact and which will lead to the maintenance of employment at higher levels than now."

That will be his policy with British Columbia Packers also. He does not expect miracles. He knows that costs are high compared with the Japanese and Alaskan coasts. But he believes that with fair play from powers that be, a comeback is possible. When asked if savings already made and elimination of water from balance sheets had not prepared the way for dividends, he answered:

B. C. Packers Dividends

"None can say when the company can pay dividends on its capital. The time is not ripe for that. The problem is to build up the company soundly and carefully over a term of years. If we get even moderate success in the early years, that will be a great gain. It is our aim to improve working capital, to increase our products in order to make better use of our plant and to get away from the era of deficits.

"I would be satisfied if we could pay dividends in five years from now. The only persons likely to take an interest in our stock in the meantime are those who believe in the way we are trying to build up the company and who are willing to buy a non-dividend-paying food stock with long-term possibilities as an insurance against inflation.

"It is a good industry aside from the competitive factors. We will always make salmon our staple, but that does not exhaust our possibilities. There are other fish in the Pacific ocean and, given fair treatment, other business may develop.

Cut Expenses

"We have done a good job in cutting down uneconomic expenses. We have now to tackle the longer job of building up the company again. It may seem like slow work under present conditions and it will be slow work if we follow the past too closely. But we do not have to develop along the strict lines of the past."

But Mr. MacMillan is not thinking only of fish. He has secured in John M. Buchanan recently a general manager who has grown from boyhood in the fish packing industry. That end of the business will be well looked after.

What has engaged the mind of H. R. MacMillan is the economic waste involved in the plants of the company being used for only four months in the year. Nothing will change the seasonal nature of the fish business.

Diversification

So he has looked to the land for other fish to fry. This week the company starts national marketing of a special dog food. Such production is expected to reduce the overhead for the company and to spread employment.

If this move toward diversification develops and succeeds, it adds for investors a new element in their surmises about this company. It may be a long time developing, but if the company draws from the land as well as from the sea, there may yet be a very interesting chapter added to the history of British Columbia Packers.

Do "Bid and Asked" Quotations Deceive Unlisted Shareholders?

Over-the-Counter "Markets" Determined Among Brokers Via Their Telephones—Sales May Be Nil

By THOMAS C. THOMPSON

Do "bid and asked" quotations of unlisted mining stocks, published in nearly all important Canadian newspapers, tell the truth?

Are they an accurate index of the prices at which these securities are changing hands?

Or are they "price" levels concocted for public consumption and representative only of the "market" which stock promoters and underwriters wish to show publicly, while the actual transactions take place at other prices?

The answer is that some quotations fall in one category and others do not. And any extensive list of such quotations is bound to include both genuine and more or less spurious prices.

No Sales Recorded

One thing is clear. It is that bid and asked quotations published in Canadian newspaper columns of unlisted securities, tell only half the story. The figures are not compiled on the basis of any official stock exchange list. They represent, or are supposed to represent, merely the price range in which brokers are quoting the shares to one another.

Nothing is said as to whether shares are actually changing hands, or whether there is an active public trading interest in the stocks themselves.

If the market is quiet, bid and asked quotations may mean little or nothing beyond a broker's conception of prices at which they should, or would be selling if an active demand existed.

"Strike" May Raise Price

On the other hand, many bid and asked quotations are entirely accurate, and in the case of active unlisted mining stocks they may actually show prices below those at which shares are changing hands.

There are many examples, including stocks of mining companies, where a sudden "strike" has sent the price soaring on the street on a particular day when newspaper quotations of the previous day's level show the price at below that actually existing. Bid and asked quotations also reveal the true level of an unlisted stock when there is active and uninterrupted trading from day to day.

May Be Misleading

"Everybody knows," a broker will tell you, "that bid and asked mining quotations are only intended to give an approximate idea of the market for the shares." And like everything else that is only approximate, unlisted "bid and asked" quotations can, either deliberately or otherwise, be extremely misleading.

On the leading Canadian stock exchanges, where shares are listed, the affairs of the companies known to exchange officials, and the whole system of trading carefully supervised by regulations and restrictions, stock market quotations must be accurate.

Actual sales of individual blocks of stock are recorded by the exchange itself, placed on its official record, and published on the exchange's report of the day's trading. Any investor or speculator can obtain a copy and check it against his transactions with his broker.

"Quoted But Not Traded"

The prices are not artificial, and newspapers, using the official data as a basis, publish quotation lists which are accurate in the extreme.

If shares are not traded in a particular daily session of the exchange, a separate list of "bid and asked" quotations is compiled and is read by the public with the knowledge that the figures are merely those quoted between brokers, but which do not represent actual sales.

One Canadian morning paper, in which unusual care is exercised to obtain strictly accurate quotation lists, goes so far as to show these "bid and asked" prices under a heading to the effect that they are listed stocks which, in the preceding session, were "quoted but not traded." Incidentally the paper's quotations are regarded among the most accurate in the country, and by the use of the phrase "not traded" the reader knows that the market for the stock is, temporarily at least, inactive.

Unlisted Trading

An entirely different situation exists, however, in the case of unlisted securities, and particularly mining stocks.

When a mining company is formed and its shares issued to the public, but not listed on a stock exchange, there are usually brokers or a group of brokers interested in the issue.

They may be underwriters of the stock, or sponsoring it market-wise until a wide public interest has developed. After that stage the shares are, or should be, left to reflect the natural effects of fluctuations in supply and demand in relation to the affairs of the company and its property.

But during the incubation period of sponsorship, or even later, the stock is being distributed to the public by the company or its underwriters. A market is maintained by "support" buying which takes care of public selling without seriously disturbing the price structure, because it is not possible to sell stock from a company's treasury when the open market price is below the price asked by the company or its underwriters. If the stock rises above its issue price, there is, of course, no necessity for "supporting" the market. Indeed, the public may become so enthused over discoveries, ore development or other factors, that the price will rise far above the actual value of the stock in relation to the mine's prospects.

Brokers' Quotations

Trading in the over-the-counter or unlisted market is done chiefly by telephone in all Canadian financial centres. When sales are made, they are private transactions carried out between brokers, on the instructions of their respective customers. The details are not public information, and the prices necessarily remain confidential since they are recorded only on brokers' private records.

What then is the basis on which unlisted quotations can be made public?

There is none. In place of the price record of actual sales and purchases, the "bid and asked" range is given by brokers themselves for publication. There may be no sales of any kind; yet the nominal range remains and is published as the current market for the stock—which, for the moment at least, may be actually without a market.

A Declining Market

If the promoter or underwriter finds he cannot support a declining market for the shares, he will be more than anxious that the fact remain unknown to the public.

He may, however, with the help of another broker or two, continue to quote a bid and asked price in the same way that bid and asked quotations are quoted for listed stocks when the latter are not being traded. The difference is that the public knows there is no trading in the listed security, but remains ignorant of the fact that the real bid and asked prices of the unlisted stock are such that no trading is taking place, and that consequently no market exists at the alleged price range.

Or if a market does exist, it may consist of the two or three brokers interested in the security or the mining company itself. They are not going to bid the stock up among themselves by buying against each other, nor are they anxious to quote prices indicating lack of public interest. Their object is to see that the shares are distributed among the public. In this case, again, their own quotations do not represent the current public valuation placed on the shares, although they may be published as such.

Finding the Market

The Financial Post, faced with the duty of providing accurate unlisted stock quotations for its readers, and aware that brokers interested in unlisted stocks from a promotion standpoint can quote price levels at which no public trading is taking place, adopted its own methods of securing the needed information.

The practice, long in operation, is to check bid and asked unlisted quotations from various sources, entirely unrelated in a financial way to the individual stock quoted.

If a brokerage firm or other source is known to be financially interested in a certain unlisted security, the current market is sought somewhere else, or the firm's figures carefully checked with other sources. It is, in effect, the market for the shares which actually exists; not that which the promoter or broker claims to exist.

Buyers—and Sellers

The Oxford Dictionary says: "Market: gathering of people for purchase and sale of provisions, livestock, etc.; seat of trade, etc."

It is from the buyers, as well as the sellers, that unlisted security quotations appearing in The Financial Post are obtained.

And yet even after taking these precautions, The Post makes no effort to guarantee its unlisted quotations. They are, at best, merely a guide to the market and not a blueprint of it.

Stock Quotations

When you pick up your morning newspaper and turn to the financial page, you may experience a pleasing sense of reassurance in reading that Alleycat Gold Mines is still quoted 18 cents "bid" and 20 cents "asked."

You will find it under the heading of unlisted stocks, since it is not traded on any recognized exchange.

Perhaps you bought it when first issued, at 50 cents a share, and you're waiting until it hits 25 to get out with half your money.

But if you are wise, you will call up your broker and find out whether you can get even 18 cents a share, the bid price. There may be no buyers.

In this article, Thomas C. Thompson, Financial Post staff editor, tells you why.

Company Names Varied But all Traced to Singer

Mining, Trust, Finance and Banking Corporations Represented Unrevealed Maurice Singer in Old Country Suit—20 Gold Samples from One Hole

By WELLINGTON JEFFERS

Maurice Singer, naturalized Canadian and international vendor of mining and other shares, was cross-examined closely and continuously for many hours recently in the London High Court of Justice on his connection with various Canadian mining companies whose shares have been sold in England and in Europe.

Sir Patrick Hastings, counsel for the Daily Mail, was the questioner. Various officers and mining engineers who had been employed by these companies were also examined and cross-examined. The case itself ran on for weeks, being reported fully in the London Times and other newspapers.

Singer lost out on his plea for damages on the main issue that the Daily Mail said he was "a swindling share pusher." It said also that his company, Bank of London, was "a bucket shop of the worst description."

The Bank of London was associated in the case with Mr. Singer. The jury returned a verdict against it and judgment was entered against the Bank of London with costs. The Financial Post is informed that "the case of the Bank of London has been inscribed before the Court of Appeals in England."

Singer Incorporated

Canadians have even more interest in the evidence than in the verdict. It shows that Singer was an anonymous but powerful influence in the formation of Canadian mining companies or in the purchase under option of blocks of stock in companies with non-producing property. It shows that Singer could by various devices sell to Singer and Singer to Singer through a series of companies which had their ultimate outlet on the public.

A Montreal company controlled by Singer bought stock in Montreal and sold it in England to the Bank of London. It was transferred by Stamford Trust or Oxford Trust, two British trust companies with little assets which Singer controls or owns. Some of the shares were sent to branches of the Bank of London in Amsterdam, Paris or Geneva. But for newspaper publicity and the court proceedings those who lost money on the stock sold to them might never have known that Singer was the presiding genius.

Where Did Money Go?

Maurice Singer was repeatedly pressed by Sir Patrick Hastings to tell why he could not, or did not, produce the books which would show that all the money obtained from the public went into mining operations. The defence alleged that it went into his own pocket and an accountant who examined the books of the Bank of London said he had never seen "books like those of the bank."

"I am very unprepared," said Maurice Singer. "I admit that I did not expect all these things being put to me."

Chameleon or Not?

The Daily Mail called Singer "an international chameleon." He did not like it. On the stand he testified to the following changes in citizenship status:

1st—Born in a part of Hungary which later became part of Czechoslovakia.

2nd—Became a citizen of the United States automatically by enrolling for service toward the end of the Great War. Previously he had been officially an enemy of allies by reason of birth.

3rd—He admits using both American and Czechoslovakian passports.

4th—On June 30 he became a Canadian citizen.

5th—He admitted having been indicted in the United States but said an indictment there meant nothing unless one was brought to the court.

"I always wanted to be Canadian or British," he said.

Mr. Singer said he did not know there was in existence a Home office order against his being admitted to England until proceedings were taken at Bow St. in 1932.

A Mr. Summers

Mr. Singer claimed that he sent every penny of receipts from sale of stock in Europe to a Mr. Summers for development of the mines. Mr. Summers was his confidential man in Montreal. The money thus sent amounted to £20,000 or £25,000. He said that Mr. Summers had books in Montreal to show what was done with the money. When asked why these books were not produced at Montreal when a commission was taking evidence at great expense, he said, "Because there was sufficient evidence that the mines were not mythical."

Bank of Singer

How good a name "Bank of London" was for doing share selling business on the continent was shown by a slip of the tongue made by Sir Patrick Hastings in his cross-examination. Possibly inadvertently, he said to Singer, "I propose to take you through a number of documents with a view of establishing that you own and control in every way the Bank of England." Laughter in the court-room warned him that he had substituted a great name in the world of finance for one almost as high-sounding.

Mr. Singer said there were two other directors besides himself on the Bank of London. One was a Mr. Brown, who was not in court, and the other was dead. He again denied the suggestion that all the money obtained from the public went into his own pockets. When asked if Bank of London had a single penny of assets, he said it had assets in foreign banks. He did not produce books to show it.

Samples From One Hole

Descriptions, as read in Court, of Canadian mines, stocks of which were being sold by Singer, showed one of them to have a staff consisting of three laborers and a girl, a second mine to have a watchman, and a third to have no staff at all.

Mr. Singer said they were putting their main effort into the Concordia. He said that it would not be a swindle to boost the shares of other mines as being profitable enterprises "because the properties were there, and because one mine benefitted with the others owing to exchange of assets."

There was again laughter in Court when it was ascertained that 20 samples of ore submitted by United Gold Exploration Co. all came from one hole.

"I suppose you selected the best hole, or did you know a better hole?" asked Sir Patrick. But it could not have been a very good hole, as 19 samples only showed a trace of gold, and one, .01 of an ounce to the ton.

All Gold on Certificate?

Later Sir Patrick exhibited a large parchment sheet which turned out to be a certificate of shares of United Gold Exploration transferred to a Mrs. Newcombe. It bore a "terrific" gold seal. "Almost as much gold as in the mine," commented counsel.

Mr. Singer agreed with Sir Patrick that at the time he formed his companies there was a great public demand for gold mining shares and that anyone who wanted to be a dishonest share-pusher could not do better than float a gold mining company. He told how the Associated Gold Mining & Finance Co. obtained a controlling interest in the United, the Concordia and the Plymouth as well as an interest in Amalgamated. He denied that the latter was an absolutely worthless concern. But he had no document to show that it had ever produced gold.

Faulty Bookkeeping

Singer said that Canadian Organizers had taken an option on shares of the Amalgamated on a sliding scale which averaged 4 shillings a share. He did not produce the option when asked. Nor did he deny the statement of Sir Patrick Hastings that shares had been sold in England at from 22 to 27s. a share. Counsel said Bank of London books did not show a record of any kind on what was done with money owed, received or sent on Amalgamated shares.

Sir Patrick asked witness whether it were not true that a fraudulent person who wanted to peddle shares would first get a fraudulent newspaper to advertise them. Singer said it was true but that he did not do that.

Asked if he had acquired a newspaper in Canada with a small circulation, called the Mining News of Canada, Singer said, "I helped the owner of it during the time I was there. I was not the owner. I advised them not to accept any disreputable firm's advertisements."

"Your advertisements were calculated to lead people to believe that there was a fortune for them if they bought Plymouth gold mining shares?" Answer—"The statements were true."

Witness denied that he had a bucket-shop in Montreal to "boost" his shares or that he was carrying on a shocking fraud. He denied that he came from Canada with his pockets full of blank share certificates, signed by two directors, so that he could fill them up and give them to anyone whom he could persuade to buy shares. He stated, however, that he received such certificates two months after his arrival in England. They were sent to the transfer company.

Singer acknowledged that he had been the Bank of London for the last three years. He admitted that he could not produce the name of a single man who had made profit of a farthing out of the mines but he said that some day they would be making good profits.

Because Mr. Singer claimed that he had not had dealings with Jake the Barber since 1926, he was questioned about Broad Street Press, New York City, said to be a bucket-shop. Witness said that he had not known Factor (Jake the Barber) was connected with Broad Street Press when he had sold it some securities from Germany in 1930.

Singer Abroad

Maurice Singer, international promoter, lost his libel suit against the Daily Mail in London, the other day. Appeal has been taken by Bank of London, controlled by Singer, and associated with him in his recent libel action agains the Daily Mail.

Having "covered" Mr. Singer's Canadian career over a year ago, The Financial Post is now taking its readers to England. In the accompanying and further articles evidence of Canadian significance, that was disclosed in London, will be summarized from reports of The London Times.

Nine Firms Extend Cover on Disability

Two Join Original Group Writing This Benefit—Rates Lower

WIDENS RANGE

Changes and enlargements in the monthly income disability coverage now written by seven Canadian life companies is planned to take effect shortly, The Financial Post learns.

In brief the change will mean extension of the present caluse by disability benefits as follows:

(a) As to all life policies, and endowments maturing beyond age 65, $5 per thousand monthly to age 65, and then the face value of the policy. This benefit not to be applied to a policy for less than $2,000.

(b) As to all endowment policies maturing at age 65 or earlier, $10 per thousand monthly to maturity and then the face value of the policy.

(c) Waiver of premium only, but the policy to mature at age 65 if disability continues thereto.

The six months' waiting period will be retained and rates will be placed on a definite basis, slightly lower than those now in force.

Two More Companies

The seven companies which have continued for several years to write a modified form of disability coverage after this benefit was dropped by all other life companies, are: Confederation, North American, Crown, Excelsior, Montreal, Dominion and London Life.

It is understood that at least two other companies will now join this group and offer the modified disability plan; namely, Commercial Life of Edmonton and Maritime Life of Halifax. An additional Toronto company, it is understood, has asked to take part in the meetings with a view to subsequently adding this coverage.

Purpose behind the present change is to include two other situations not included previously; namely, low premium policies, and retirement and long-term income policies. The benefits made possible in paragraphs (a) and (b) above provide respectively for these situations.

Savings Deposits Higher in Canada By $75 Millions

Savings deposits in Canada jumped $75 millions in the year ended Sept. 30, 1935, according to an estimate of The Financial Post Business Year Book.

The gain may be attributed chiefly to an increase of about $68 millions in savings deposits in chartered banks, although those with the Ontario Savings Offices rose substantially in the last few months of the period, and those with trust and loan companies also showed an increase. Quebec banks and the post office savings bank reported slightly lower totals than in the previous year.

Savings Deposits in Canada
(000's omitted)

	1935 $	1934 $
Chartered banks	1,444,331	1,376,960
Trust and loan	78,000	75,000
Quebec banks	71,445	72,954
Ont., Alta. depts.	37,000	30,000
Post office savings	21,820	22,381
Total savings	1,652,595	1,577,295
Chart. banks demand deposits	590,015	523,212
Total deposits	2,242,611	2,100,507

Home Insurance Assets Higher By $22 Millions

Sharp advances in assets, surplus and premium reserve feature the 1935 statement of the Home Insurance Co. While the company does not publish an earnings statement, in view of low losses, appreciation in security values and the large number of increased dividends, it is expected that profits were at the highest level in several years.

Total assets were up by $22.2 millions at $113.2 millions mainly due to a jump of $25.9 millions in securities. Security holdings during the year moved into stocks rather than bonds, the latter being lower than at the beginning of the year. Surplus jumped $16.4 millions to $52.5 millions, and unearned premium reserve rose from $35.8 millions to $37.0 millions, reflecting the increase in premiums written during the year.

Ontario Marshal's Office Ends Penetang Enquiry

What officials of the Ontario Fire Marshal's department claim is the biggest case ever to be investigated by the department has just been concluded at Penetang. Fire Marshal W. J. Scott is expected to make his report to the attorney-general in the near future.

The object of the enquiry was to delve into the facts surrounding 16 fires over a period of ten years in properties owned by J. T. Payette, prominent eastern Ontario politician, business man and sportsman. Insurance of almost $175,000 was paid and additional damages claimed on account of these fires which involved a factory, two boats, two mills, several farm buildings, a residence and two motor vehicles.

Lloyd's Alberta Representative

Wilkin, Barager & Wilkin, a new insurance firm, has been formed in Edmonton to represent Lloyd's in Alberta.

United States Fidelity & Guaranty Company TORONTO

On Mutual Board

G. BLAIR GORDON

Managing director of the Dominion Textile Co., has been elected a director of the Mutual Life Assurance Co. of Canada to succeed L. J. Breithaupt, resigned.

New Licenses

The Bankers and Shippers Insurance Co. of New York has been authorized to write fire insurance in Canada, and also, on risks which it has insured for fire, falling aircraft, earthquake, limited explosion, hail, riot and civil commotion, sprinkler leakage and tornado insurance.

H. Begg, Toronto, has been appointed chief Canadian agent.

The following companies have been licensed by the federal department of insurance to write the classes of business named in addition to those for which they are already registered:

National-Liverpool Insurance Co.—Falling aircraft, earthquake, riot and civil commotion.

Camden Fire Insurance Association—Earthquake.

Security Insurance Co. of New Haven: Falling aircraft, earthquake, hail and riot and civil commotion.

Norwich Union Fire Insurance Society, Ltd.: Falling aircraft and earthquake.

Lloyd's Woodstock Rate Evokes Agents' Protest

Municipal Liability Insurance Carried at 60 Per Cent Under Tariff — Company Claims Rate Based on Information Supplied by City

The switch of the city of Woodstock's liability insurance to Lloyd's at a rate 60 per cent under that quoted by a tariff company has aroused considerable comment. Last year the risk was underwritten by the Provident Assurance Co., which this year quoted $1,090 as the premium. Lloyd's quotation, made by Anglo-Canadian Underwriters, was $631. The bulk of the municipal liability insurance in the province is carried by Lloyd's but not by the underwriter represented by the Anglo-Canadian firm. It is understood that more than 90 per cent of the business is placed through A. E. Wilson & Co., which did not quote on this risk.

In 1934 the premium paid the Provident was about $1,100. Last year Lloyd's competition was instrumental in bringing the rate away down to $760. However, loss experience in 1935 is said to have been very unsatisfactory—well over 100 per cent. One claim is said to have exceeded $1,000. Consequently, the rate quoted for 1936 was hoisted back to the 1934 level.

Rate Based on Loss Experience

Officials of Anglo-Canadian Underwriters state that their rate was based on the population figures and what they believed accurate information in respect to claims. They claim to have a statement signed by the city clerk in which it is stated that there were a few small claims last year. If this information is not entirely accurate, and if the quotation was over-generous, they state that they will hold to their contract and take any loss which it may entail. It is claimed also that there was a quotation five per cent under that of Anglo-Canadian Underwriters.

The situation has evoked a letter from the agency which formerly placed the city's insurance business and which has been addressed to Lloyd's at London. In part this reads as follows:

60 Per Cent Under Tariff

"We recently lost the municipal liability insurance for the corporation of the city of Woodstock to one of Lloyd's Syndicates. We are good losers ordinarily, but when the Canadian tariff rate is reduced by Lloyd's more than 60 per cent in the face of miserable claims' experience for the past three years, then we think it is time that such information trickled through to England direct.

"The particular risk is the corporation of the city of Woodstock liability insurance covering the corporation's legal liability for the bodily injury or death sustained by the public as a result of maintenance of streets, sidewalks and thoroughfares. The tariff premium for this risk was $1,425. We quoted $1,090 for a non-tariff company. The Anglo-Canadian Underwriters at Lloyd's quoted $630.90 and another syndicate at Lloyd's quoted $1,103.90."

Alberta Manager

C. J. MACKAY

Appointed branch manager for Northern Alberta by Saskatchewan Life Insurance Co. Mr. Mackay has been attached to the Northern Saskatchewan branch.

Average Accident Cost Classified by Causes

A break down of the economics of automobile accidents into a scale of average costs for the more common causes of mishaps was recently made by A. Ryder, assistant vice-president in charge of the automobile department of the Great American Indemnity Co. To help clarify the mathematical detail, he assumed that penalty plates are issued to offending motorists, the cost of these to be based on the average loss which is caused.

Basing his calculations of United States accident figures, Mr. Ryder estimated that the 26 million registered motor vehicles were involved yearly in 4 million bodily injury, property damage and collision accidents. To these he suggested 20 million minor collisions causing slight damage should be added. Loss from all auto accidents was placed at $1 billion for property and a further $1 billion for losses due to bodily damage. It works out to about $77 for each car registered.

Classification of Penalties

This total loss was then broken down into the component figures for each major cause of loss. In this way, the charge which the accident-incurring motorist would be assessed for his penalty plates is as follows:

Speeding (not just one offense, but for the type of person who frequently or consistently drives "too fast for conditions"), $75.

Wrong right-of-way (tendency to demand right-of-way, cut in, drive on wrong side of road, pass on curve or hill, pass on wrong side, pass standing street car), $105.

General recklessness, $45.

Drink-and-drive (not just one offense, but general tendency to drive after drinking in moderate quantities, not to intoxication), $25.

Intoxicated driving (not just one offense, but a tendency that way, at least once a month), $1,200.

Low mentality, immorality, irresponsibility, $135.

Poor brakes, $25.

Other car defects, $15.

Road hog (penalty to cover not only the causing of accidents, but also the impending of traffic and the gnashing of teeth), $25.

Parking (economic loss to the city as a whole due to parking on busy business street of any large city whether in one place all day long or shifting from place to place throughout the day), $1,000.

Commonwealth Insurance Celebrates Fiftieth Year

The Commonwealth Insurance Co. of the North British and Mercantile group, organized in 1886, is this year celebrating its fiftieth anniversary.

The company's latest financial statement, as of September 30, 1935, showed assets of $6.7 millions and liabilities of $2.3 millions, and surplus to policy holders of $4.4 millions.

Controlling interest in the stock of the company was acquired by the North British and Mercantile early in 1907.

North American New Sales Gain 31 Per Cent in 1935

Credit to the showing of the company's field force in the last quarter of 1935 is given by officials of North American Life for much of the 31 per cent gain in settled or paid for business during 1935. December for example proved one of the best months of the year and revealed a gain of 28 per cent in received business; 20 per cent in issued business and a 35 per cent gain in settled business. This last constitutes the biggest gain in settled business this year.

Comparative figures follow:—

	1935 $	1934 $	Gain %
New ins. issued, revived & increased	34,662,533	28,302,553	22.4
New ins. received	33,374,177	26,348,193	26.6
New ins. settled	28,132,723	21,491,989	30.9
Bus. in force	202,539,161	192,019,612	5.4

Analyzed by agencies the company reports 23 agencies making increases over 1934. These range from a 69 per cent gain in London agency to small increases in Regina, Toronto and Winnipeg. A. Rochette gets credit for leading the company's entire field force in settled business for December and for the entire year. His 1935 total was $577,000. Mr. Rochette is attached to the company's Ottawa branch and has been with the company since September, 1933.

The following figures show percentage increases by areas:

	Increase over 1934
London	69%
Calgary	68%
Montreal	62%
Quebec	45%
Michigan	44%
Vancouver	40%
Owen Sound	40%
Ottawa	39%
Nova Scotia	36%
Port Arthur	34%
Toronto Bloor	33%
Toronto Bay	33%
Windsor	29%
Nelson	28%
Saskatoon	27%
Seattle	27%
Montreal Uptown	16%
Hamilton	13%
Regina	9%
Toronto	3%
Winnipeg	2%
Kirkland Lake	*
Ontario districts	*

*Percentage comparison impossible since agency not established at beginning 1934.

For details of the company's annual report see subsequent page.

Loss of Insurance Income Would Hurt Trade Bodies

Substantial Sums Paid to Associations for Goodwill — Improbable That Hardware Association Contract Will be Questioned

If the recent cancellation in Ontario of the Retail Merchants Association-Providence Assurance Co. insurance contract is taken as a precedent by other provinces, the revenues of such associations may be seriously curtailed. Allowances by some insurance companies to certain trade organizations have formed a substantial source of funds, although the amount is said to have been considerably reduced in recent years as competition forced premium rates steadily lower. The Financial Post is informed that at least one provincial retail merchants association body has been receiving not far short of $10,000 a year from the insurance company with which it has an agreement.

No Action Outside Ontario

No action has as yet been taken outside Ontario where the contract mentioned above was cancelled following a decision by the attorney-general's department that payments to the association by the insurance company for "goodwill" were illegal. Some believe that the tie-up will not be questioned outside the one province, contending that other insurance departments may be less strict.

It is not considered likely that the Ontario ruling will be made retroactive in order that moneys paid to the Ontario assocation in former years could be recovered by the insurance companies.

Officials of the Ontario department of insurance doubt the legality of agreements where any consideration whatever is paid by an insurance company to a trade association for goodwill. They state that the Insurance Act provides that any basis of compensation, whether direct or indirect, is illegal. Any attempt to conceal payment or otherwise evade the act would be dangerous.

Hardware Contract Legal

The opinion was given unofficially that there is little chance of the legality of relationships such as that between the Ontario Hardware Association and the Canadian Hardware Association and the Canadian Hardware and Implement Underwriters being questioned. This underwriting body grants a dividend of 40 per cent to first class risks of hardware merchants who are members of the association. This includes general merchants whose stocks are 50 per cent or more hardware lines.

Although agreements of this type require membership in the association to obtain the benefit of lower insurance rates, it is understood that no direct cash consideration is involved. Such tie-ups have not been brought before the Canadian courts, but have been held legal in the United States.

Agency Dep't Sun of Canada Is Reorganized

Reorganization of the agency department of the Sun Life of Canada at the head office in Montreal has been made with a view to bringing about a greater degree of co-ordination between the various territorial divisions and to carry out more effectively the general agency policy of the company.

Two committees have been established—an agency advisory committee and a general agency committee. The duties of the former will be chiefly administrative, embracing all major problems applicable to the general agency policy of the Sun Life. The general agency committee will deal with the routine of the department, etc.

W. S. Penny, superintendent of agencies, Canadian department, has been appointed chairman of the agency advisory committee, and J. S. Ireland, superintendent of agencies, vice-chairman. C. B. Buckley, general secretary of agencies, will act as secretary of both committees.

James W. Simpson will be superintendent at large in charge of a new department representing the company in its contacts with other companies and associations in the consideration of questions of general agency interest.

Expect Provincial Agency To Represent Switzerland

Negotiations are at present under way between the Provincial Service Agency, Ltd., and the Switzerland General Insurance Co. in regard to Ontario representation of the company. A decision naming the Provincial Agency is expected very shortly. Since the beginning of the year, the Provincial Service Agency has held the Ontario agency of the Providence of Paris.

"If" Men

Some men qualify every statement with "if".
"My boy will go to college *if* I live."
"I shall leave ample provision for my family *if* I can save so much for so many years."
"I shall have an adequate income to retire on *if* I don't lose anything on any investments."

There need be no *"if"*. Life assurance guarantees these things. It is the only way by which you may be *certain* that the plans you have made for your family and yourself will be carried out, whether you live or not. You can make sure through life assurance.

The Sun Life Assurance Company of Canada has a practical plan for every purpose. Let the nearest Sun Life agent work out one to suit your own particular needs.

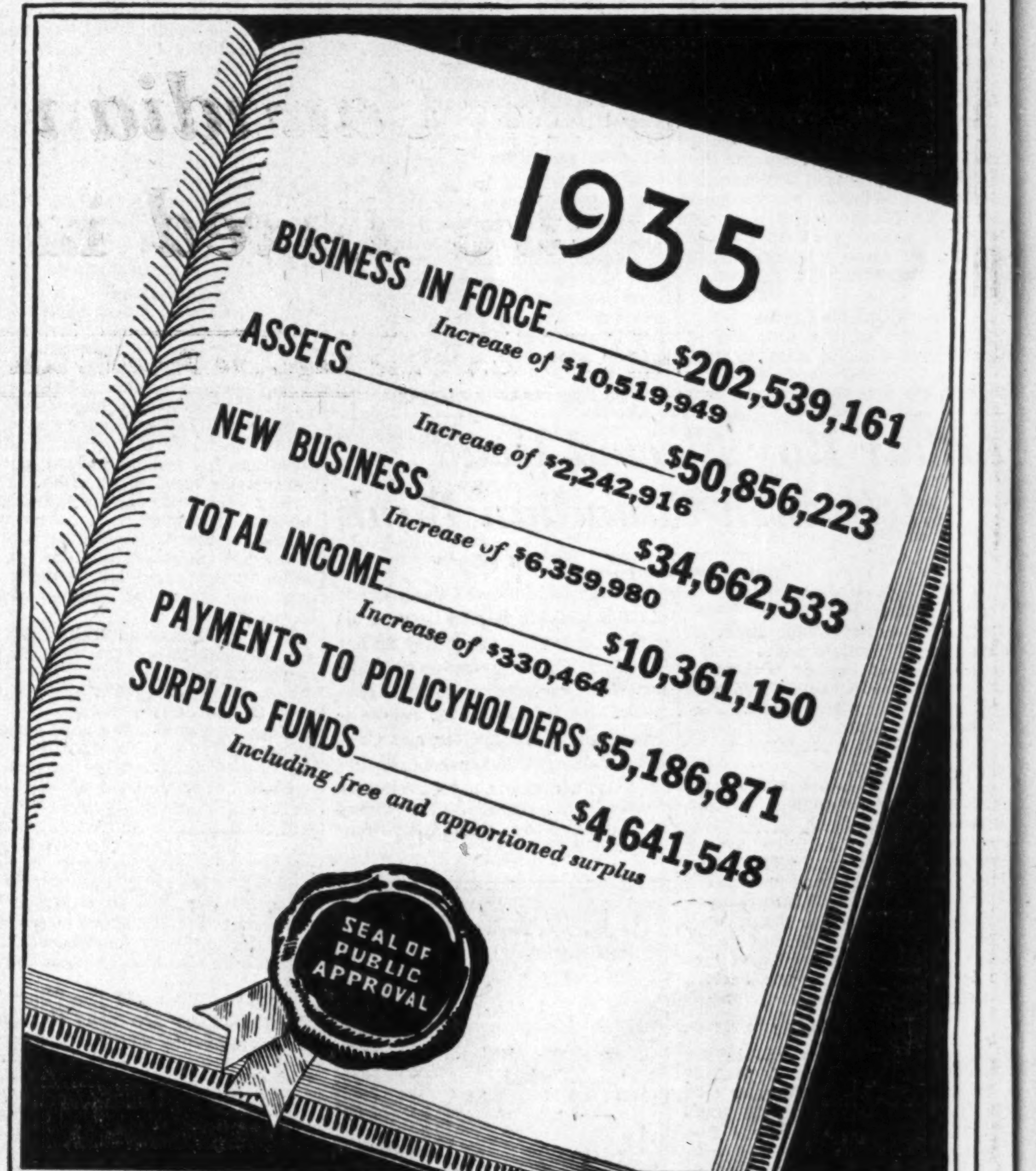
Sun Life Assurance Company of Canada
Head Office Montreal

PROTECTION

The Independent Order of Foresters is a fraternal benefit society operating under a lodge system and existing for the purpose of affording to men and women the completest protection at the minimum cost. This protection covers practically every phase of family life. In addition to the protection afforded through its Insurance and Sick Benefit Departments, a number of practical fraternal benefits are available to its members.

Total Benefits paid $125,000,000
Independent Order of Foresters
FRANK E. HAND Supreme Chief Ranger HEAD OFFICE: TORONTO, CAN.

55 Years of Service TO POLICYHOLDERS



THE SOUND PROGRESS of the Company as indicated by the all time high records above reported in New Business, Business in Force, Assets and Total Income, combined with other favorable factors, mark 1935 as an outstanding year of achievement.

THE GREAT STRENGTH of the Company is indicated by the fact that the Surplus Funds, together with the Investment Reserve and the excess of market over book values, exceed six million dollars.

The Company is owned solely by its 70,000 members to whom all benefits go.

NORTH AMERICAN LIFE
A MUTUAL COMPANY
HEAD OFFICE — Toronto, Canada

BUY ON REPUTATION

You buy important supplies for your business on Reputation for proven Quality. Be guided by the same caution and assurance of satisfaction in buying Insurance.

UNION INSURANCE SOCIETY OF CANTON, LTD.
AFFILIATED WITH
BRITISH TRADERS INSURANCE CO., LTD.
HEAD OFFICE FOR CANADA: TORONTO
COLIN E. SWORD, *Manager for Canada*

YOURSELF AT SIXTY-FIVE

If you could look into the mirror of the future and see yourself at 65, would the reflection be that of a man of independence, living in the comfort to which that age is entitled—or that of one dependent upon others?

A Prudential Combined Assurance Pension policy would help you paint a different picture of the future. Ask a Prudential representative about this and other Prudential "with profit" policies.

THE PRUDENTIAL ASSURANCE COMPANY LIMITED OF LONDON ENGLAND
Head Office for Canada: 465 St. John Street, Montreal, P.Q.

NORTHWESTERN MUTUAL FIRE ASSOCIATION
SEATTLE WASHINGTON
BRANCH OFFICES: TORONTO, HAMILTON, OTTAWA, VANCOUVER, VICTORIA, EDMONTON, CALGARY, SASKATOON, WINNIPEG, MONTREAL, QUEBEC CITY, ST. JOHN, HALIFAX
WRITING FIRE AND AUTOMOBILE INSURANCE AT COST. ASSETS $5,183,603.19
ALL POLICIES NON-ASSESSABLE PAYING DIVIDENDS RANGING FROM 20% TO 30% ON RENEWALS

"Canada's Largest Fire Mutual"
The WAWANESA MUTUAL INSURANCE CO.
Ranks 3rd against all companies on total volume of fire business written in Canada
FIRE LIABILITY WINDSTORM SPRINKLER LEAKAGE DOCTORS' AND DENTISTS' LIABILITY AUTOMOBILE PLATE GLASS
Head Office—WAWANESA, Man.
Eastern Office—341 CHURCH ST., TORONTO, Ont.
Branches also at Vancouver, B.C.; Edmonton, Alta.; Regina, Sask.; Winnipeg, Man.; Montreal, P.Q., and Saint John, N.B.

FIRE, AUTOMOBILE AND CASUALTY INSURANCE
PEARL Incorporated in England 1864
ASSURANCE COMPANY LIMITED OF LONDON, ENGLAND
An Old and Firmly Established British Company
Head Office for Canada METROPOLITAN BUILDING - TORONTO
Lawson T. Hargreaves - Manager for Canada
THE EUREKA-SECURITY FIRE AND MARINE INSURANCE COMPANY OWNED & OPERATED BY THE PEARL

Life Insurance Reports

National Life

Maintenance of business in force at a figure $90,000 below the corresponding item a year ago is shown in the 37th annual report of National Life Assurance Co. The 1935 total is $55.4 millions. New business issued and revived is lower by 6 per cent than a year ago at $8.6 millions.

Total assets at $11.8 millions are higher than a year ago. This figure is comprised chiefly of government, municipal and other bonds taken in at values at which they were purchased and totalling $8.2 millions. Against this book valuation the company sets up a special reserve on the liability side of its balance sheet amounting to $845,000.

Free surplus available for policyholders and shareholders (exclusive of capital stock paid up of $250,000) stands at $87,987 compared with $174,869 in 1934. Of this latter figure, $36,500 was the balance at credit of shareholders surplus account as at Dec. 31, 1934, the remainder being credited to policyholders.

Comparative figures follow:

NATIONAL LIFE

	1935 $	1934 $
New ins. issued and revived	8,575,271	9,140,896
Bus. in force	55,447,977	55,537,210
Income and Disbursements		
Net prem. income	1,525,262	1,526,678
Interest, rents, etc.	530,512	605,489
Policy payments	1,285,017	1,299,435
Assets and Liabilities		
Total assets	11,775,820	11,611,698
Bonds†	8,160,143	7,674,229
Policy loans	2,047,942	2,160,461
Policy reserves	9,922,096	9,801,519
Invest. res.	845,000	750,000
Surplus*	387,987	174,869

*Including shareholders surplus.
†At book values.

Confederation Life

An increase in new business issued and business in force (apart from the gain in volume resulting from the acquisition of the business of the Capital Life) is shown in the 64th annual report of the Confederation Life Association.

Total business in force now stands at the highest point in the company's history; higher than a year ago by $21.8 millions. Of this gain, $11.4 millions is due to the Capital Life acquisition. The company also reports a 12 per cent gain in annuity contracts now guaranteed by the company although consideration received for annuities during the year was only $1.3 millions compared with $2 millions a year ago.

New business issued and revived, increased $790,000 over 1934 although sales of ordinary business increased by $3,500,000. Group business sold during the year declined by $2 millions. The increase in new business extended to seven Canadian provinces (Manitoba and P. E. I. showed declines) and also to Newfoundland, Mexico, Guatemala, Salvador, Canal Zone, Curacao, Cuba, Puerto Rico, Trinidad, Jamaica, China and Hawaii. In Great Britain the company reports new business written approximately the same as last year.

Due to a falling off in single premium business, premium income was somewhat less than a year ago. Apart from this one source of income the total is the same as at the high point of 1929. Renewal income showed an increase, the first since 1931. Total income from all sources is the largest ever received in the history of the association.

Lower payments to policyholders reflect improvement in the company's terminations while policy loans outstanding on the company's books are 14.9 per cent—the lowest point reached since 1927. Cash repayments by policyholders were 15 per cent higher in 1935.

Another important disbursement—mortality claims—is reported as more favorable than at any time in 15 years. Earned surplus though slightly lower than in 1934 totalled over $2.8 millions.

Total assets gained $7.2 millions during the year the company's redeemable securities being valued according to custom on an amortized basis. On total assets, excess of market values over book values as shown aggregates over $2 millions after a write-off in 1935 against future losses, of $500,000. Average gross interest earnings were five per cent compared with 5.18 in 1934. Of total assets, 47 per cent is in government and municipal bonds; 13.2 per cent in mortgages; 13.1 per cent in corporation and other bonds.

Reference was made at the company's annual meeting to the acquisition by the company of the Capital Life during 1935. The cost to Confederation was placed at $227,204 being the amount of the deficit in the reserve of the Capital. This sum was provided out of the unallotted surplus of Confederation, it being stated that the "cost of this additional business ($11,430,000) is moderate and less than the cost of an equal amount of new direct business."

After making allowance for this acquisition the free surplus of the company gained during the year by over $400,000.

Comparative figures for leading items follow:

CONFEDERATION LIFE
Business of 1935

	1935 $	1934 $
New ins. issued and revived	47,730,122	46,939,764
Bus. in force	387,064,752	365,213,941
Consid. for annuities	1,306,703	2,049,228
Income & Disbursements		
Net prem. inc.	15,074,995	15,227,672
Interest, rents, etc.	4,733,807	4,738,449
Total income	21,701,689	21,897,380
Policy pay. (total)	12,281,596	12,662,517
Death claims	2,687,454	2,648,284
Dividends	2,099,213	2,179,663
Surrenders	3,332,239	3,992,716
Earned surplus	2,827,840	2,907,911
Assets and Liabilities		
Bonds & debs.†	63,910,026	56,196,102
Mortgages	14,075,229	14,053,613
Stocks	3,328,676	3,041,196
Policy loans	15,850,858	16,800,636
Total assets	106,377,995	99,131,082
Policy reserves	91,866,502	85,593,898
Free surplus	3,398,440	2,997,157

†At amortized values.

Canada Life

A gain of $2¼ millions in annual premium ordinary life insurance during 1935 was reported by general manager A. N. Mitchell at the annual meeting of the Canada Life Assurance Co. last week. Number of sales made were reported 20 per cent higher than in 1934.

Smaller writings of single premium and annuity contracts brought total business issued to $56 millions, a decline of 3.4 per cent from the 1934 figure. New business paid for was lower by two per cent. Consideration received for annuities was but $3.9 millions compared with $12.3 millions in 1934.

Terminations were reported at the lowest point since 1928 and 17.4 per cent below corresponding totals for 1934. Surrenders were said to be 20 per cent lower than in 1934. Business in force at the end of 1935 was lower by 1.5 per cent at $816.8 millions.

Results of the company's policy to restrict underwritings of single premium and annuity contracts are seen in a sharp drop in premium income which declined nearly 25 per cent to $28.7 millions. Total assets were also affected by the change according to Mr. Mitchell although the increase of $6.5 millions was termed "highly satisfactory." Assets were further written down during the year by $879,933 to a book value "less than it would be if the values established by the Dominion Insurance department were used." The corresponding write-off in 1934 was $1,199,720. Gross average interest rate earned on the company's invested assets during 1935 was 4.55 per cent compared with 4.76 per cent in 1934.

Attention was drawn by Mr. Mitchell to the conservative manner in which assets were valued in respect of interest and rents due and accrued. "Every dollar of overdue interest on bonds and stocks and all interest more than one year overdue on mortgages and sales agreements has been excluded from our calculations," said Mr. Mitchell.

In regard to new investments Mr. Mitchell drew attention to the fact that the company had placed $1,787,000 in first class mortgages at a yield of approximately 5½ per cent. Repayments by existing borrowers more than offset this however, indicating "a healthy sign as far as existing mortgages....and that the class of mortgage we are seeking is not as yet available in large volume." An increasing proportion of the company's assets continues to be invested in government and municipal bonds that item having risen from $83.4 millions a year ago to $92.8 millions at the end of 1935.

CANADA LIFE
Business in 1935

	1935 $	1934 $
New insur. issued	56,023,007	57,989,518
New ins. paid for	52,602,927	53,793,650
Business in force	816,848,853	829,892,335
Cons. for annuities	3,894,935	12,257,820
Income & Disbursements		
Net prem. income	28,667,706	38,047,144
Interest, rents, etc.	10,674,325	10,551,581
Total receipts	41,237,571	50,859,188
Policy payments:		
Death claims, etc.	6,808,917	8,147,606
Matured endow.	4,219,173	2,973,681
Surrender values	6,489,310	7,185,924
Policy dividends	3,942,518	3,677,476
Annuity payments	4,922,192	3,800,630
Assets and Liabilities		
Net ledger assets	239,629,633	232,671,866
Total assets	248,893,105	242,362,565
Govt. & mun. bonds	92,822,119	83,366,107
Other bonds	38,780,347	40,547,351
Mortgages	50,004,816	53,046,230
Policy loans	30,168,281	32,915,288
Policy reserves	223,928,614	218,116,823
Conting. res.	2,000,000	2,000,000
Free surplus	4,011,291	3,726,268

North American Life

A gain of 30.9 per cent in new "settled" or paid for insurance during 1936 is reported by North American Life in its 55th annual report this week. The total for 1935 is $28.1 millions compared with $21.5 millions in 1934. The 1934 figure was about 15 per cent higher than the 1933 total.

Business in force is reported at $202.5 millions, a gain of 5.4 per cent over the corresponding figure a year ago.

Gains in premium and other income together with lower payments to policyholders and beneficiaries aided in an excess of receipts over expenditures totalling $2.7 millions compared with $2.2 millions in 1934. Death claim payments were materially below 1934. Surplus earnings, however, were lower by $100,000 than in 1935. The average interest rate earned was 5.28 per cent compared with 5.24 per cent in 1934. Free surplus increased during the year by $17,000.

Valuation of bonds in the company's balance sheet is $3 millions higher than in 1934, due largely to increased holdings of government guaranteed bonds.

Policy loans, stocks and mortgages held are shown at lower totals than in 1934. Book values were written down by a further $870,000 in 1935 so that valuation of bonds, debentures and stocks on a basis more conservative than actual year-end market values, shows an excess of more than $1,000,000 over the valuation shown on the company's books. Policy reserves are almost $2 millions higher.

Comparative figures on chief items follow:

Business in 1935

	1935 $	1934 $
New ins. issued*	34,662,533	28,302,553
Business in force	202,539,161	192,019,612
Income and Disbursement		
Net prem. income	6,840,874	6,741,131
Interest, rents, etc.	2,504,125	2,445,097
Total receipts	10,361,150	10,030,685
Policy payments:		
Death claims	1,118,857	1,239,540
Dividends	1,282,954	1,413,500
Policyholders	2,785,060	2,988,144
Surplus earnings	1,452,780	1,556,865
Assets and Liabilities		
Bonds	24,717,388	21,719,282
Mortgages	10,280,316	11,086,116
Policy loans	8,184,731	8,348,554
Stocks	3,109,586	3,529,753
Total assets	50,856,223	48,613,307
Policy reserves	42,014,995	40,083,983
Surplus funds:		
Allotted for divds.	3,071,135	3,424,663
Free surplus	1,570,413	1,553,317

*Policies issued, revived and increased; exclusive of immediate annuities.

Continental Life

Gains in new business issued, business in force, in assets and in reserves are reported for 1935 by Continental Life Insurance Co. The increase in new business totalled only $48,000 but the gain in business in force of $1,169,000 was over 3 per cent higher than the corresponding figure in 1934. New paid for business increased 24 per cent.

A 4 per cent gain in assets was due largely to an improvement of 58 per cent in quoted valuations of the company's stocks shown for 1935 at $497,000. Bonds and debentures are higher by $120,000 while first mortgages are shown at $40,000 less than in 1934. A deduction of $43,000 is shown from ledger assets to adjust book values with actual market values, the latter being used by this company for the first time in many years, in their 1935 statement.

An increase in premium income offset by a further reduction in expenses and a decline of over $100,000 in payments to policyholders permitted the company to show an excess of receipts over disbursements amounting to $160,000. Policy reserves were increased in accordance with government standards while free surplus (over and above moneys allotted for deferred dividends, and paid up capital stock) remained virtually unchanged at $379,000.

Comparative figures follow:

	1935 $	1934 $
New insurance issued*	6,897,701	6,849,600
New ins paid for	5,287,728	4,259,972
Business in force	36,857,002	35,688,268
Net income	1,673,275	1,598,671
Policy payments	840,319	946,180
Policy reserves	7,227,930	6,907,077
Total assets	8,344,265	8,035,796
Free surplus	379,182	379,309

*Including reinstatements.

Many Named to New Offices Confederation

Important appointments to the board of directors and to the company's roster of executives are announced by Confederation Life Association.

Named to the company's board of directors is R. V. Le Sueur, vice-president of Imperial Oil, who fills the vacancy caused by the death of Col. R. F. Massie. Another appointment is F. Grenville Rolph, director of Rolph, Clark-Stone, Ltd., who fills the vacancy caused by the retirement from the board of J. Stanley McLean due to the pressure of Mr. McLean's other business interests.

Executive Changes

Important changes in the company's executive officers include promotion of J. H. Birkenshaw from associate actuary to that of actuary—a title formerly held by V.R.Smith, general manager of the company. Ben. T. Holmes becomes associate actuary, while G. A. Skelding and R. E. White are named assistant actuaries.

An additional superintendent of agencies is named to cover the group insurance field. This is D. L. McDougall, formerly supervisor of group sales. The company has now four superintendents of agencies under C. D. Devline, general superintendent.

J. K. Macdonald, son of the president of the company, is named assistant secretary.

(Additional Life Insurance Reports on page 18)

John D. Gilmour
(B.Sc.A., B.Sc.F., Toronto)
CONSULTING LOGGING ENGINEER
QUEBEC, P.Q.
Member Executive, Pacific Logging Congress; Member of Canadian Society Forest Engineers, Quebec Association of Forest Engineers, Senior Member Society of American Foresters.
Organization and management of large pulpwood-logging operations. Available in logging or timberland problems.

Canadian Pacific Express Travellers Cheques Are World Currency
Carry them on your next trip and be assured of travel comfort.
Get them from any agent of the Canadian Pacific & most Banks

Only Canadian Magazines are Taxed in Canada

United States and Other Magazines Enter Canada Free of Duty and Sales Tax.

Rt. Hon. W. L. Mackenzie King Protested the Tax on some United States Periodicals in July, 1931

When the then Prime Minister, Rt. Hon. R. B. Bennett presented the tariff items on foreign periodicals July 17, 1931, he took action at the request of Canadian producers other than magazine publishers.

The Rt. Hon. W. L. Mackenzie King, in commenting on the resolution said—"The resolution as introduced was almost in the nature of an embargo on periodicals and magazines coming from the United States and other countries to this country, and as such it seemed to me to be a tax on thought and literary art. The protest that I wish to make at the moment is against a tax of that character . . . May I say that thought, as Hon. Members well know, is cosmopolitan. It should have no limitation with respect either to place or time. All advances that are made in civilization are the result of ideas, and in any way to preclude the possibility of a good idea having its opportunity of fruition to the full in any quarter is to retard to that extent the progress of civilization itself . . . I deplore any tax which will in any way restrict the widest spread of views and ideas throughout communities, particularly communities that are neighbours."

On January 1, 1936, Rt. Hon. W. L. Mackenzie King's Government Made United States Periodicals FREE

The tariff changes made in the trade agreement with the United States, affecting the publishing industry, gave United States publishers completely free entry to the Canadian Market. This means more than the free entry of their finished products. It means free competition in respect to paper, ink, engravings and other materials and equipment used in their production, which are purchased by the United States publishers in the world's largest and lowest price market. It means free entry of the creative product of the world's leading illustrators in foreign magazines, but on which Canadian publishers must pay duty, sales and excise taxes. Canadians pay duty and sales tax in the cost of paper, ink, plates, matrices, art work and other materials which enter into their finished periodicals. They are at a severe and grossly unfair disadvantage, in spite of which they still produce the best magazines in the world for Canadian readers, but the money they spend in unfair taxes should be spent to even further improve Canadian literature.

Canadian Tariffs and Taxes Add Hundreds of Thousands of Dollars Annually to Cost of Five Canadian Magazines

Tariffs and taxes not imposed on United States publishers handicap Canada's five leading magazines by hundreds of thousands of dollars annually. It seems inconceivable that the government of Canada intends to continue to give United States competitors a preferred position, on a completely free trade basis, and leave Canadian publishers under heavy tariff and taxation handicaps. The maximum of compensatory adjustments the Canadian government may make, cannot serve to rectify the competitive condition. Canada suffers distinct handicaps, in respect to small population and great area, in the development of national periodicals. Surely, the least Canadian publishers may reasonably expect is an even chance in their own country. Publishers in New York, Buffalo, Chicago and other United States centres now have considerable production advantages over Canadian publishers in Montreal, Toronto, Winnipeg and elsewhere.

Canadian Law Compels Canadian Publishers to Virtually Subsidize United States Competitors

The tariffs, sales and excise taxes which increase the cost of Canadian production are in effect a subsidy to foreign publishers. They put money into the pockets of United States publishers at the expense of Canadian publishers.

Is the Rt. Hon. W. L. Mackenzie King opposed to a tax on Canadian Periodicals?

Will the Canadian Government Free Canadian Magazines?

PUBLISHED BY CANADIAN NATIONAL NEWSPAPERS AND PERIODICALS ASSOCIATION, TORONTO

35th Annual Meeting of the Shareholders of the

PROVINCIAL BANK OF CANADA

Directors' Report Submitted to the General Annual Meeting, held at the Head Office of the Bank, 221 St. James St. West, Montreal, on January 16th, 1936

Election and re-election of Directors and of Members of the Board of Commissioner-Censors—Board of Directors' Report

The President

Before presenting your Directors' report, I feel it incumbent upon me to pay a tribute to the memory of our regretted late President, Mr. S. J. B. Rolland, who was associated with this Bank for a great number of years, and had always shown a keen interest in its affairs. Mr. Rolland was a man of fine character and sound judgment, and his loss is deeply felt.

I wish to avail myself of this opportunity to express my gratefulness and appreciation of the services he has rendered to the Bank.

The General Manager Reads the Board of Directors' Report which follows:

To the Shareholders of
The Provincial Bank of Canada

The annual report and operating statement covering the fiscal year ended November 30th, 1935, which has been forwarded to you, shows that profits have decreased slightly, but we hope they will be considered satisfactory in view of the declining rates of interest and higher cash reserves maintained throughout the year.

The business recovery which took place in 1934, continued during 1935, although at a slower rate, up to October, when a slight reaction was felt. However, business in a general way is ahead of last year, as indicated by the latest statistics available. Substantial gains have been registered in industrial fields, over the previous year. These gains were noticeable mainly in newsprint, steel, automobiles and mines. Industrial employment also indicates further progress of about 10% over 1934, although the number of unemployed is still great.

Foreign trade has been maintained at a very satisfactory level of activity and shows a favorable balance of $160,000,000. Much is expected of the reciprocal trade pact recently concluded with the United States, which would contribute largely to increase our exportation of cattle, fish, lumber, minerals and dairy products. This trade treaty is of great importance, and the effect of lowering the tariff barriers will no doubt revive trade activities between the two countries. However, it would be deplorable if it resulted in injuring some of our industries and lowering our foreign trade balance which is now favorable.

Domestic trade has also been maintained at a very satisfactory level of activity.

The retail trade, which was generally more active in 1934, experienced slight temporary reactions during the past year, but should continue to improve considering the increasing purchasing power of farmers and the working class. Its development, however, seems to have been retarded somewhat by the rapid increase in prices of certain lines of merchandise, the large number of retailers in proportion to the requirements, the high cost of operations and lack of aggressive policies of individual store owners.

The country having been favored with generous crops, the agricultural situation is much better. Prices having gone up for a good many products, a good demand having been felt and marketing has been much easier than during the past few years.

The carryover of wheat during recent years was excessive and very expensive. Demands having originated through new developments, and new marketing policies should result in turning into working capital a commodity which had become a frozen asset.

Building activity having developed during the first eleven months, shows a substantial increase over the figures of the previous year and the low point in 1933. A federal legislation was passed in order to stimulate this industry, but nothing tangible has as yet been done toward this end. The revival of building would in turn revive many industries which are now working at low capacity and would curtail unemployment. In towns and cities where there are a large number of old and unsanitary dwellings which could be demolished and rebuilt provided the owners could obtain financial assistance and reasonable rates and terms of payment. Part of the direct relief money now paid to unemployed could be utilized for such assistance to the extent of the reduction in the amount paid for direct relief, as the unemployed would secure work and receive wages, while the government would have a return on its money.

Since it is not desirable that the payment of direct relief should become a permanent burden, steps will have to be taken some day to bring down relief cost through certain energetic policies. As it is often heard that skilled labor is scarce, it would be a step in the right direction to classify the unemployed and plan some organization to train the better men.

Bonds and Stock prices have moved substantially higher. The decrease in the yield on high grade securities which started last year has continued gradually since. Favored by reductions in the rates of interest, conversions have spread and in some instances have been carried to extremes as far as the rate of interest is concerned.

While there is a continued improvement in the general situation, efforts already put forth to achieve the balancing of budgets by public bodies, should be further advocated, not relying, however, solely on the reduction in the rates of interest, but on rigid curtailment of expenses and subsidies in many instances. Certain direct taxes have not reached such a high point that further taxation would prove harmful.

Respect of contracts and the payment of liabilities still remain very important factors in business. Moratoriums, application of bankruptcy laws, the Farmers and Creditors Arrangement Act, arbitrary power given to certain public bodies to reduce liabilities and rates of interest, have created uneasiness, have produced a very bad moral effect, and the shaking of confidence has gone a long way toward retarding recovery. Intervention on the part of competent authorities would help considerably in returning to sounder policies.

Credit expansion is not an automatic consequence of excess reserves. It is mostly a matter of confidence. In times of depression reserves can accumulate and money rates can continue to drag for the highest grade securities; but when the constructive forces of industrial and commercial fields, which were obliged to restrict their activities for sometime, are again facing better marketing conditions, justifying them to increase their operations, a reaction is immediately felt and then industrialists and traders become borrowers and expansion of credit moves rapidly.

Academic discussion of status of public issues, such as politics and economics with the objective of raising conflict between systems, is increasing nervousness, retarding the adjustment to conditions of stability and confidence that must take place before durable expansion of activities occurs.

In view of the fact that through legislations Canadian commercial banks were compelled to deposit with the Bank of Canada, which does not deal with the public, nearly $200,000,000 of their deposits, on which no interest is being paid, banks are deprived of a substantial yearly revenue, and the effect of reducing to such an extent the loanable funds of commercial banks will in all likelihood be felt by trade, commerce and industry in times of full activity.

Through the influence of the Federal and Provincial governments, rates of interest have decreased considerably, and to such a point that insurance companies as well as loan and mortgage institutions, banks and other financial corporations, have seen their revenues decrease gradually during the last two years, and now are operating under unusual conditions which have not originated through business depression.

As in the past, we have maintained a very liquid position, and at the end of the fiscal year ended November 30th, 1935, liquid assets had reached $32,654,084.41, which is equivalent to 73½% of the liabilities to the public, as compared with 70% last year and 67% in 1933.

Profits aggregate $400,843.39 as compared to $417,366.00 in 1934, and $410,654.00 in 1933. Earnings per share, after depreciation, were $6.50 last year against $6.89 in 1934. The year's profits added to the balance of $285,740.83 of Profit and Loss account reported last year, gives a total of $686,584.22 out of which the following distribution has been made: dividends $240,000, taxes $99,000, depreciation on real estate $40,000, while $50,000 was transferred to contingent account, leaving a balance of $257,584.22 to be carried forward.

Although there has been some improvement in the business, loans and advances to commerce, industry and agriculture have slightly contracted, indicating that industrialists and traders have improved their working capital and have been able to finance their operations without having recourse to further bank loans. Total loans to commerce, industry and agriculture, including loans to municipalities and school districts, amounted to $13,830,965.28 compared to $14,485,731.10 in 1934.

After experiencing a gradual decrease in deposits during the period 1931 to 1934 due to unfavorable economic conditions, we were pleased to report a first increase of $1,200,000, last year and it is with great satisfaction that again this year we have a further increase of $3,800,000 to report; total deposits aggregate $40,640,614.55, of which $5,792,141.05 interest non-bearing deposits, and $34,848,473.50 interest bearing deposits.

An analysis of this increase discloses the fact that although branches in towns and cities show a fair increase, there is a larger increase of deposits in rural district branches indicating that farmers having obtained better prices for their crops have set aside a surplus and continue to practise economy.

Since the inauguration of the Bank of Canada, commercial banks being obliged to keep the circulation of their notes within a maximum amount fixed by legislation, we were compelled at different times during the past year to curtail the circulation of our bank notes and to use Bank of Canada notes for servicing customers. The bank's notes in circulation at the end of the fiscal year amounted to $3,700,000 as against $3,900,000 in 1934.

In 1935, we closed a branch at 1654 Notre Dame Street, Montreal, and three sub-agencies, namely at Pont Viau, St.-Etienne de Beauharnois and Val Morin, because the business transacted at these offices was not sufficient to justify their maintenance.

Actually, we have in operation 135 branches and 178 sub-agencies, a total of 313 offices, located in the provinces of Quebec, Ontario, New Brunswick and Prince Edward Island.

At the closing of this report we wish to express our appreciation to all members of the staff for their efficient co-operation.

For the Board of Directors:
H. Gerin Lajoie, President.
Chs. A. Roy, General Manager.

Report of the Board of Commissioner-Censors

We have pleasure in submitting to you the 35th annual report of your Board of Commissioner-Censors.

Our monthly meetings have been held at regular intervals; the necessary documents and vouchers and the information required in the exercise of our functions have been supplied to us.

We have verified the Bank's investments and ascertained that the amount of call loans, together with the cash on hand and on deposit with other institutions have always been in excess of the percentage required by your by-laws.

We are pleased to note that the results of the operations for the past year have been very satisfactory.

We would request your approval of the various reports submitted to you, which, in our opinion, testify that your Institution enjoys the confidence of the public in all parts of the country.

For the Board of Commissioner-Censors.

(Signed) E. L. PATENAUDE, President.

The following are elected or re-elected members of the Board of Directors:

Members of the Board of Directors

President: Chs. A. Roy; Vice-Presidents: Messrs. Geo. A. Savoy, Alphonse Raymond; Messrs. Oscar Dufresne, J. Sirois, N.P., J. L. Codère, Alfred Lambert, Honorable Raoul O. Grothé, L.C., Mr. C. G. de Tonnancour.

Members of the Board of Commissioner-Censors

The following are members of the Board of Commissioner-Censors:

President: Honorable E. L. Patenaude, P.C., K.C.; Vice-President: Honorable Cyrille F. Delâge, N.P.; Mr. J. L. Fortin, Honorable L. Côté, Mr. Edouard Labelle, K.C.

104th Annual General Meeting of Shareholders

THE BANK OF NOVA SCOTIA

J. A. McLeod, President, Sees Recovery Under Way. Reviews Present Problems.

H. F. Patterson, General Manager, Explains the Attitude of the Banks in Regard to Loans. Discusses "Easy Money Policy."

Mr. J. A. McLeod, President of The Bank of Nova Scotia, addressing the 104th Annual Meeting of the Shareholders at Halifax on the 22nd instant, spoke in part as follows:

"Looking back upon the events of the past year, we may draw some encouragement from the continued improvement of business conditions. There is, perhaps, no better measure of the changes in our economic fortunes than the movements in the sum total of all incomes available for use in Canada, i.e., the national income. The national income touched the lowest point of the depression in 1933, amounting in that year to about $2,850 millions. In 1934 it had increased by about $600 millions, and in the past year, from present indications, an additional increase of perhaps $200 millions took place. Or, to put it another way, the total incomes of Canadians expanded by about 20% in 1934 and by probably 6% in 1935. When viewed against the pronounced improvement of the earlier period, this more recent advance appears quite modest.

"The revival during the year just closed has resulted in some further expansion of employment. Judged by the estimates prepared in our own office, it seems that on the average there were 75,000 more people at work in 1935 than in 1934. The average number of workers actually employed, excluding agriculture and the public services, increased from 1,785,000 to 1,860,000—a rise of about 4% from one year to the next.

Agriculture.

"Although receipts from the wheat crop are estimated to be no larger this season than last, farmers have shared in the recent upturn of business. For one thing, the market for livestock continued to improve and abundant feed crops were harvested. For another, the prices of dairy products, apples and potatoes were on the average higher during the past year than during 1934. As a result of these influences, rural buying power has recently strengthened, particularly in those parts of the country which are not dependent upon wheat. Bearing in mind the undue burden of the depression hitherto shouldered by the farm community, this revival, though as yet moderate, has been occurring in that part of the business structure where its effects will be most beneficial.

"Recovery has, of course, been registered in an almost spectacular manner by that none too reliable barometer — the stock market. While this may be taken as evidence of a partial return of confidence, it cannot be regarded as an indication of an early solution of our more urgent economic problems.

Unemployment.

"The first and most serious of our problems is that of unemployment. I need scarcely say that the volume of unemployment—the scourge of modern society—is still enormous. So long as this defect of the body economic remains, we cannot rest content. Its severe nature may be indicated by reference to the statistics of direct relief. These show that out of a total population of roughly eleven millions, more than one million persons are at present dependent, in varying degree, upon direct relief. Despite the fact that thousands of workers have been reabsorbed into industry, this problem continues to be the most pressing of the country's social ills.

"Even if we were to take the most optimistic view of the prospects for Canada, we could scarcely hope to remove the bulk of this great total from the relief lists in the near future. It is probably true to say that if production were soon to regain the peak level of 1929, there would still remain a substantial relief problem. The main reason for this is to be found in the fact that the natural increase in the number of persons of working age has greatly added to the number of citizens seeking jobs. It is my hope that the investigation to be undertaken by the Dominion Commission on employment and relief, recently provided for at the Dominion-Provincial Conference, will result in an improvement in the organization of the labour market and in the creation of better co-ordinated machinery for the dispensation of relief. During the course of its work, I should suggest that the Commission might also give some thought to the ways and means of establishing on the land adequately qualified persons who are at present unemployed.

Railways.

"Secondly, there remains the acute financial problem of the railways, particularly of the publicly-owned system. I do not intend to minimize the economies which have already been made by independent action and by the two great lines acting in co-operation. The fact remains, however, that the Canadian National Railway is no nearer to paying its way than a year ago, while the net operating revenues of the two systems were slightly less in 1935 than in 1934.

Public Finance.

"Last, but by no means least, there is the critical question of public finance. It is to be regretted that in some quarters unbalanced budgets have come to be regarded with a degree of equanimity, which provides little stimulus for constructive action. I recognize that a full solution of this problem must have as its basis a very substantial expansion of employment and of railway traffic, but I feel some anxiety lest we may be slipping into a purely passive attitude.

Canada's Dependence Upon Export Trade.

"Turning, therefore, to prospects of an enlarged volume of business, it is almost axiomatic to assert that the central factor is the outlook for export trade." Mr. McLeod here pointed out the close relationship between the value of Canada's export trade and the national income, and went on to say that since 1918 changes in the national income have been from two to four times as great in dollar values as the corresponding variations in export trade. "There is ground for belief" he said, "that if exports could be increased by another $300 millions, a further expansion of perhaps as much as $800 millions would be achieved in the national income. And as there is little which Canada may do to increase the prices of her exports, determined as they are by international conditions of supply and demand, efforts must be directed towards enlarging the volume of our sales abroad.

"With these considerations in mind, let us review briefly the extent and direction of the recent expansion of exports. In so doing, some light may be thrown upon the prospects of further revival.

Expansion in Our Sales to the Empire.

"Two years ago, in 1933, the most significant aspect of our export trade was the increase in demand from Great Britain for certain primary products, a movement which continued into 1934. But in 1935 we did little more than maintain our trading position. This does not necessarily mean that the upper limits of demand from the British market have been reached. In the case of some products we should perhaps be optimistic to expect much further expansion, but in that of wheat, the potentialities are by no means exhausted. In fact, until a few months ago there had been no recovery in the volume of wheat exports.

"Fortunately, there appears to be a strong disposition on the part of the Wheat Board to sell our excessive stocks in the markets of the world at prices which compare favourably with those of our chief competitors—a turn of events which must surely be regarded as a strong cause for satisfaction. In this regard, I note that the unhealthy spreads between the prices of Canadian wheat and those of Argentine and Australian wheat in the Liverpool market, with proper allowance for the Empire preference and for differences in quality, have vanished.

"The general increase in our exports to Great Britain has been accompanied by enlarged sales to other parts of the Empire, notably to three of our sister Dominions, Australia, New Zealand and South Africa. Our exports to the Dominions and Colonies, which, in contrast with those to the United Kingdom, are largely comprised of manufactured goods, have been consistently expanding for three years past. It is a fact well worthy of note that this market for Canadian products, though by no means as large as those of either Great Britain or the United States, has been growing relatively more important in recent times.

The United States Market and the New Trade Treaty.

"Meanwhile, export trade to the United States has also improved. Revival in this quarter came later than in the case of our trade with Great Britain, for the downward trend of business, in the United States, and thus of demand for imports, was not reversed until mid-1933. Since then, however, Canadian sales to the United States have shown an encouraging and steady expansion which shows no sign of slackening.

"The new reciprocal trade agreement, which came into effect on January 1st, will unquestionably stimulate this growth. The farmer and the lumberman stand to gain most from the treaty, in that important tariff reductions on cattle, cream, seeds and lumber were made. Changes in the duties on fish are so small that they cannot be regarded as concessions of consequence.

"Certain provisions of the treaty, however, embody a new and not wholly desirable element in our trading regulations with the United States—I refer to the imposition of quotas by that country on certain important products, quotas which set limits to the volume of trade that can be consummated under the reduced tariff. In the case of cattle, these limits are unlikely to exercise much restrictive influence in the near future, for they are fixed at levels which compare quite closely with our average annual exports to the United States during the five years of prosperity culminating in 1929. Those on cream, seed potatoes and Douglas fir lumber are fixed at levels much below the averages of such prosperous years, and should be easily filled if prices warrant it.

"The difficulty is that if any of these quotas should happen to be filled before the close of the year to which they applied, exporters would be faced with a complex problem. Either, they would have to ration such export business amongst themselves, perhaps with Government assistance, or permit the old principle 'first come, first served' to operate. The former course would involve further supervision of marketing; the latter would clearly result in some injustice and might, if available supplies were much in excess of the quota, depress prices.

"In pointing to these possibilities, I do not intend to minimize the importance of the new treaty; for it is to my mind a very decided step towards a freer flow of trade between Canada and the United States. Nor do I wish to over-emphasize the restrictive influence of the quotas in their present form, because they apply only to those goods which enter under the reduced duties and they are thus in no sense absolute barriers.

Diminishing Sales to Europe.

"It is in our trade with Continental Europe that the full effect of quotas and exchange controls, not to mention tariffs and unstable exchanges, is to be seen. Since 1929 the dollar value of Canadian exports to these countries has been reduced by about 75%. For six consecutive years the trend in such exports has been persistently downward and as yet continues in the same direction.

"It cannot be denied that these throttling restrictions are in large part the product of continued economic depression and of political distrust and uncertainty. So long as political conditions remain as disturbing as they are to-day, it is futile to hope for recovery of our trade in this quarter. And so, quite apart from the ever-present and immediate danger of a world war, we have felt and are to-day feeling in a very real sense the repercussions of economic nationalism, aggravated almost beyond belief by depression and political apprehension.

Hopes for Enlarged Exports Centre Upon the United States and the Empire.

"It is thus apparent that for the time being our hopes of enlarged exports must centre upon the United States and Empire markets and to no small extent upon prospects for further revival in these countries. It should further be noted that the existence of fairly stable exchange rates, which for more than a year have characterized our trading relations with these nations, has encouraged such expansion.

"Great Britain, as is well known, has experienced a very substantial recovery during the past four years, nor is it a coincidence that the improvement has followed the adoption of sound budgetary policies. While it is not too much to expect some further revival, it is quite possible that the upper limits, under present world conditions, may soon be reached.

"The United States, following less orthodox methods, has more recently experienced an appreciable improvement in business, which at present seems to be continuing with considerable momentum. Should the process of private investment be resumed in volume, thereby enabling a recovery in the depressed durable goods industries, expansion in business to the south of the border would be very substantial, and a marked increase in purchases from Canada would follow. Nor should it be forgotten that this condition would be accompanied by an enlarged tourist traffic from that country.

"Our fortunes, to-day as in the past, are thus closely linked with those of the United States and of the Motherland. Their prosperity will surely mean our prosperity and their misfortune our misfortune. This signal truth must not, however, be used as an excuse for inaction—for a policy of 'wait and see.' There is much that we can do to facilitate the movement of trade and to place it upon a more profitable basis; there is much that we can do to put our house in order.

Government's Policies Have Been Constructive.

"The new Government at Ottawa, returned during the recent election with a strong mandate from the people, has already taken constructive action. The trade agreement with the United States is only one of its achievements. It has also resolved the acute differences, which but a few months ago were paralyzing a mutually profitable trade between Canada and Japan. Moreover, it has been actively exploring the ways and means of improving the unbalanced state of our public finances, federal, provincial and municipal.

"The present condition of our public finances is one of the principal factors which tends to aggravate our difficulties and to restrict the extent of recovery. Through its burdensome effects upon the costs of conducting business, it tends still further to prevent us from gaining the maximum possible benefits from revival in our foreign trade.

Unbalanced Budgets: Opportunities For Further Action.

"Up to the present, the principal means of dealing with this problem of public finances have been to effect economies in the cost of administration and to take advantage of lower interest rates on short and long-term bonds for the borrowing of new money required and for the refunding of maturing debt. The first means, that of economy in administrative costs, has not been carried far enough. The second has so far succeeded only in arresting the increase in interest charges on a growing total of debt.

"In this regard, I believe that further savings through refunding of maturing debt can be gradually achieved. It must be emphasized, however, that any conversions of a forced nature are wholly undesirable and unnecessary. We have already seen instances of the harmful effects that follow any interference on the part of Governments with contractual rights. Proposals for conversion which carry any suggestion of force or coercion are nothing less than an arbitrary alteration of the contract made by the Government with its bondholders and are in short but a form of repudiation. Such policies would be certain to disturb confidence both at home and abroad and would thus tend to postpone further that revival in the flow of new long-term investment on private account which is so essential to continued recovery.

"Certain of our many Governments have unquestionably made sincere efforts, not always with success, to balance revenues and expenditures. Others, particularly in the municipal field, have not. There is still room, therefore, for substantial saving in the cost of government, even with as many different authorities as we have to-day and without any redistribution of taxing powers.

Excess Governmental Machinery

"We can, however, achieve further economies. It is widely believed that we now have more governmental machinery than is required for efficient and useful administration. The elimination of unnecessary duplication would certainly result in savings which, though limited, would be of some assistance in the general problem of balancing budgets.

"Further and more important adjustments could be made by more efficient distribution of taxing powers as between federal, provincial and municipal governments. I understand that this problem was considered at the Dominion-Provincial Conference, held in Ottawa in December. Certain it is that the present inefficient system, or lack of system of tax collection, is badly in need of revision. Both Great Britain and Australia have demonstrated that a skilfully designed taxing mechanism can produce relatively larger revenues than the present Canadian system, and at the same time have no more restrictive effect upon the growth of enterprise.

"It is along these lines that much constructive action still remains to be taken. The fact that it may not be practicable to balance budgets fully under present conditions should not prevent us from urging continued effort. After all, our governments can only act in response to public opinion, and it is thus the duty of Canadian citizens to press action on this issue. By so doing, we shall not only contribute towards a better state of business but shall reap enlarged benefits from whatever expansion in our foreign trade the future may hold in store.

"In conclusion, I may say that although our progress in 1935 was not as marked as in 1934, there is, nevertheless, good ground for satisfaction. While this is no time for confident predictions, yet I believe we can look forward to 1936 with a fair measure of optimism. With reasonable crops and a continuance of satisfactory prices, the farmer's purchasing power should be further augmented, especially since the trade agreements, to which I have already referred, offer a wider market for agricultural produce. However, I would not have you believe that the outlook is free from uncertainty, for there are many obstacles to be overcome before Canada and the world at large can get back to normal conditions of business."

GENERAL MANAGER'S ADDRESS

After reviewing at some length the changes in the items of the balance sheet and the profits for the year, Mr. H. F. Patterson, General Manager, turned to the more general problems confronting the Bank and spoke in part as follows:

Uninformed Criticism.

"One of our problems to-day is the lack of good feeling on the part of certain sections of the public towards the banking system. Such an attitude, although representative of only a small percentage of the Canadian people, has been frequently and loudly expressed in the press and on the political platform during recent years.

"I firmly believe that the major part of the criticism which is levelled at bankers to-day could not exist if the essential principles upon which the business of banking is conducted were adequately grasped by the critics. In my opinion, there is much that we can and should say that will promote better understanding between ourselves and the general public. It has, indeed, been the policy of this Bank to discuss questions of banking and credit from time to time in its Monthly Review and occasionally in the addresses at the Annual Meeting.

The Shrinkage of Commercial Loans

"One of the most frequent criticisms of the banking system in Canada, as elsewhere, is to be found in the charge that the banks have deliberately and perhaps maliciously, restricted the volume of credit. It is often then contended that the actions of the banks are largely, if not entirely, the cause of depression.

"The principal basis on which the critics lay their case is the reduction during the past six years in the total of current loans. It is quite true that current loans have fallen off very substantially, indeed, from an average of nearly $1,350 millions in 1929 they have decreased to an average figure of $830 millions during the twelve months ended November, 1935. The suggestion, however, that this reduction represents a plan engineered by the banks to restrict credit is not only erroneous but quite fantastic.

"In fact, the reduction in commercial lending in Canada, as in other countries, has been the result of depressed business conditions over which the banks could exercise no control. To those who are disposed to question this statement, it may well be pointed out that the progressive shrinkage of current loans in Canada followed rather than preceded the downward trend of depression. Furthermore, the banks could have had no logical motive for arbitrarily reducing their lending business, even if the decision had rested with them alone.

Commercial Loans and Bank Profits

"The critics persistently overlook the salient fact that commercial lending, i.e., current loans, is the most profitable means of employing bank funds. It is scarcely likely, therefore, that the banks would deliberately pursue a policy of restricting current loans, since such action would inevitably reduce their profits. The decline in the volume of commercial borrowing, resulting as it did from the repercussions of a world-wide depression, is, in fact, a matter of even greater concern to the banks themselves than to many of their critics, for it has meant a continuous and very substantial restriction of bank earnings.

"Shareholders of this and other Canadian banks are aware of these facts. But since my remarks may be read by many whose connections with banking are less direct, I should like to enlarge upon this point.

"If we review the experience of the past fifteen years, from 1920 to 1934, we find that every annual increase in current loans has been accompanied by an increase in the aggregate net profits of the Canadian Chartered Banks. And, conversely, every annual decrease in such lending has resulted in a decrease in their net profits.

"While the volume of current loans is the most important factor which determines the profitability of banking, I do not mean to imply that it is the only factor. The rate of return on investments, as well as the costs of conducting a banking business have a definite bearing on this question. It is well known that interest rates on Government bonds, which comprise the major part of the banks' portfolios, have been falling for several years and are to-day exceptionally low. In regard to banking costs, I recall that in my address at our last Annual meeting, I stressed the difficulty of reducing the costs of operation without severely curtailing the services offered to our customers. Thus the banking system is to-day more than ever dependent for improvement in its earnings upon a recovery in the demand for commercial loans. The interests of the banks in every sense are, therefore, identical with those of all who wish for a continued and lasting recovery of business.

Bankers Should Not Lend Indiscriminately.

"Some of our critics, however, while admitting the truth of this statement, will contend that the banks are unduly cautious, that they demand of prospective borrowers too high a credit rating. In this regard, I can definitely say that the banker, if satisfied that the prospects of repayment are reasonably good, is only too glad to make advances. And is it not obvious that as the doctor, the lawyer, the manufacturer and the engineer are naturally the best judges of questions relating to their own particular fields, so, too, the banker through long training and experience is likely to be the most capable judge of what are reasonably good prospects for the repayment of a bank loan?

"In his own interests and indeed in the interests of the public at large, the banker should not make loans which cannot ultimately be repaid. Under any system of doing business which places a premium on ability and enterprise, the banks must differentiate between those whose prospects of carrying on successful ventures are good and those whose endeavours are likely to result in failure. For every bank loan that cannot be repaid an asset is destroyed against which a liability remains. In other words, the working assets behind the deposits of the banks are reduced, while the deposits themselves are unchanged. Obviously, if loans were made generally without regard to the prospects of repayment, the interests of the depositors would be jeopardized.

The Position of Depositors and Shareholders.

"There are in Canada more than four millions of separate savings accounts. There are, in addition, some six hundred thousand current accounts. Is it reasonable that for the sake of lending to all those who wish to borrow, regardless of their prospects of success. The banks should prejudice the interests of this vast number of depositors? In such circumstances, I can readily imagine a much more violent public outcry, expressed in terms of runs on the banks and perhaps in a 'banking holiday,' than the comparatively small, though vociferous, objections to the lending policies of the banks to-day.

"Most of the current criticism of the Chartered Banks is advanced from the standpoint of the prospective borrower. None of the critics seem to be concerned with the interests of those who would stand to suffer if the banks were to lend indiscriminately, i.e., the interests of the depositor and the shareholder. In this regard, it should be realized that the shrinkage in current loans, combined with the decrease in the yields on bank investments have caused a reduction in the rate of interest paid on bank deposits as well as a decline in profits and thus in dividends to shareholders. The rate of interest on savings deposits has been reduced in two steps from 3% to 2%, while the return on current accounts has been entirely eliminated. The aggregate dividends of the banks since 1929 have been decreased by more than one-third.

"The Canadian Chartered Banks now pay nominal dividends ranging from 6 to 12%. These rates must not be regarded as the actual rates of return to the shareholder, for they apply to the par value of the bank stock concerned. Only a small portion of bank shares outstanding was issued at par; subscriptions to the greater part of such stock were made at very substantial premiums. In the case of this Bank whose nominal dividend is 12%, the rate of return on the shareholder's investment, i.e., capital reserve fund and undivided profits, is at present not quite 4%—a rate which can hardly be regarded as excessive. It is a matter of some interest to note that we now pay out in taxes an amount approaching that which we disburse in dividends; the actual figures for 1935 were $1,160,000 in taxes and $1,440,000 in dividends.

"It is also important to realize that the banks are not owned by any small group of wealthy financiers. There are to-day very nearly 50,000 shareholders of Canadian bank stock whose average individual holding is slightly less than thirty shares. Nor is there any great concentration of stock in a few hands. Indeed, the aggregate holdings of all bank directors represent but 4% of the total bank stock issued.

Bank Credit: Its Volume and Rate of Turnover.

"Up to this point my remarks have been largely confined to the effects of the decrease in commercial credit. The narrowing of the outlet for current loans over the past six years must not be taken to indicate that the total volume of bank credit has been similarly reduced; for while current loans have been declining, security holdings which equally represent credit, have been increasing. The expansion in this latter field has been just as great as the contraction in the former category. The aggregate security holdings of the Chartered Banks increased from an average of about $500 millions in 1929 to one of $1,030 millions during the twelve months ended November, 1935—a rise of no less than $530 millions.

"You will remember that the reduction in current loans was of almost exactly the same order, to be precise $520 millions. Thus, if these were the only two items which comprised bank credit, its total volume would have been as great in 1935 as in 1929. In fact, however, owing to a shrinkage in call loans, as well as in current loans, the total amount of bank credit, as shown by the aggregate of all loans and investments in Canada, was somewhat reduced. The average for the twelve months ended November, 1935, was $2,080 millions as compared with $2,220 millions in 1929—representing a net recession of but 6% from the peak year of the boom to the present time.

"Of much greater importance than this slight decrease in the volume of bank credit, is the substantial reduction in the rate at which bank credit is being used, i.e., in its velocity of turnover. This development, which is closely associated with the changed character of bank assets, is the most significant feature of banking history during the past six years. It is, indeed, in this reduced velocity of turnover that we can most clearly see the reflection of a less active state of business.

Low Yields on Government Securities.

"Returning to the subject of increased security purchases, there are two main reasons for the unprecedented expansion of the investment holdings of the Chartered Banks; first, the reduction in loans, both current and call; and secondly, Governmental policy. The first factor resulted in a shift in bank assets from loans to securities. The second factor, although operative for only slightly more than two years past, led to a substantial increase in the cash assets of the banks with the result that their investment portfolios were expanded still further.

"Naturally, as a result of this greater demand from the banks, as well as enlarged buying on the part of other financial institutions and the public, bond yields have become progressively lower. And since purchases have been mainly confined to the obligations of the stronger governments, it has been in this field that the really substantial reduction in interest rates has occurred."

The investor's desire for liquidity rather than yield, as reflected in the trend to short term, low-yielding bonds, is not a favourable development as it shows that confidence is by no means restored, according to Mr. Patterson. Further, "easy money" has not as yet resulted in any positive saving in the cost of government because while refunding and conversions have been taking place new borrowing has been consistently adding to the amount of interest charges.

"Easy Money" is Only One Factor in Recovery.

"I am inclined to feel that the so-called 'easy money policy' has been much overrated as an agent of recovery, not only in this country but in the United States, and, to some extent also, in Great Britain. Such a policy may well be a contributing factor towards recovery, but it is only one of many factors, and alone it cannot be expected to correct the ills from which the world's business is suffering. The continued low level of international trade, the wide extent of economic nationalism, and the disturbed political situation, cannot be corrected by an 'easy money policy.' Indeed, if 'easy money' is to exercise its full influence, it must be accompanied by a restoration of confidence and a further revival of trade.

"That this is the case is well illustrated by the situation in this country. Governments, rather than private borrowers of long-term money, have so far derived the principal benefit from reduced interest rates. It is true that a few large corporations have found it possible to refund certain high coupon issues, but new corporate financing and new mortgage borrowings on the part of builders and private citizens have remained at a low level.

"This state of affairs is primarily a result of the lack of demand for capital and the lack of confidence on the part of the investor. It is also, to some extent, a reflection of the weak position of many prospective borrowers, for the mortgagee, like the banker, cannot lend without fair prospects of ultimate repayment. A further factor of very considerable importance is the trend of debtor-creditor legislation during the past few years which by arbitrary adjustment, rather than by mutual agreement, has added to the risks of mortgage lending.

Long-Term Investment and the Export Trade.

"The President has already emphasized our great dependence on the export trade. Until this trade revives sufficiently to restore profits to primary producers and manufacturers, we can hardly expect any substantial expansion in new long-term borrowing by individuals and corporations. Looking back, one has only to recollect the huge sums which have been invested since the Great War in railways, grain elevators, harbour facilities, newsprint mills and mines to see how closely the volume of long-term investment has been associated with the condition of export trade.

"Moreover, the building of new houses, shops and office buildings in the cities is also dependent, although indirectly, upon the same basic factor. I need hardly trace the effect of restricted returns in our great primary industries. Suffice it to say that the incomes, as well as the volume and security of employment of urban dwellers, and thus their inability to initiate long-term investments, is based to no small extent upon the buying power of the farmer, the miner and the lumberman.

"While my remarks have not been of an entirely favourable nature, there is much in our present situation that is encouraging, such as the active state of the mining industry, the improved conditions of the livestock market, or the pronounced upturn in the production of motor vehicles. The recovery of business which has already taken place is certainly heartening; in comparison with other nations we have had our full share of revival.

"But I have referred to the obstacles to further recovery in the belief that by an attitude of realism we can best surmount them. Certain it is that when once again the fetters which now bind the trade of the world are unloosed, Canada more than any nation will stand to prosper. Our resources of primary materials are practically limitless; our people are adaptable and energetic. In the long range, indeed, there is every ground for optimism.

"Before I conclude my remarks, I wish to express to the executive officers, managers and staff my keen appreciation of the loyal and efficient assistance they have given me during the year. I feel that the bank's representatives throughout Canada and abroad are doing a great deal in these difficult times, to maintain and extend the bank's business and prestige, and it is a great pleasure for me now to pay tribute to them."

ALL PATON BONDS WILL BE RETIRED AT 3 P.C. PREMIUM

Sherbrooke Woollen Enterprise to Redeem $700,000 May 1

From Our Own Correspondent

MONTREAL.—Paton Manufacturing Co., woollen operators at Sherbrooke, P.Q., which is controlled by interests associated with the Dominion Textile Co., will pay off on May 1 next, all its outstanding six per cent first mortgage bonds, with a premium of three per cent on principal.

The first mortgage bonds were issued by the company in the early part of 1923. The original issue of $800,000, through operation of the sinking fund, has been reduced to around $700,000.

The bonds were issued for purposes of reorganization of the company's capital structure, whereby holders of the company's 6,000 old common shares received $100 in bonds for each share held, plus an additional sum in cash.

Paton Manufacturing has not made public its financial statement for many years, and it is not known whether or not the proposed redemption will be effected through the company's own resources or whether new public financing will be carried out.

Canadian Border Merchants Oppose $100 Duty Exemption

Proposed alterations to Canadian customs regulations are a serious threat to Canadian border retail business and several industries, according to a delegation of retail merchants who appeared before Hon. J. L. Ilsley, Minister of National Revenue, in Toronto.

The meeting with the minister was sponsored by the Ontario Retail Merchants Association.

Chief point advanced by the delegation was that even though the arrangement for Canadians to bring $100 worth of U. S. merchandise into Canada duty free, were reciprocal, U. S. visitors are interested only in "occasional" purchases here.

Their buying, it is claimed, is limited to a few products which can be secured to greater advantage in Canada than in the U. S. but should the proposed changes be made, it would be to the advantage of Canadian border residents to make their everyday purchases in the U. S.

Cannot Compete

Canadian manufacturers, it is contended, admittedly cannot compete with the volume production of the U. S., and it was felt by the delegation that Canadians would make special trips across the border to secure $100 worth of merchandise at lower prices.

Among businesses and industries which will suffer from the new arrangement are said to be the sporting goods trade and women's apparel.

Modifications in the regulations were suggested by the delegation. They included limitation of the status of "tourist" as one who had been in the U. S. ten days or more, $25 purchase limit instead of $100, and operation of the exemption privilege only once a year.

GOVERNMENT ADAMANT
From Our Own Correspondent

OTTAWA. — Despite representations made at Toronto and elsewhere it seems unlikely the government will swerve from its present intention to permit visiting Canadians returning from the U. S. to bring back merchandise valued up to $100 duty free.

At the moment the government is believed to be undecided only regarding the duration of visit under the $100 limit, and also the number of such visits permitted for each individual tourist.

Earns $1.65 First Quarter On Hiram Walker Common

First quarter statement of Hiram Walker-Gooderham & Worts, including September, October and November, shows operating profit of $1.5 millions compared with $1.2 millions in the similar period of 1934. After adding other income and deducting interest and other charges, including depreciation, an amount of $1.2 millions is left available for dividends.

After preferred dividends of $115,204 amount available for common dividends was $1.1 millions compared with $805,390 a year earlier. This is equal to $1.65 a share as against $1.22 for the same quarter of 1934.

Volume and profits since the close of the quarter are reported to be satisfactory. A marked increase in the sale of Canadian whiskies in the United States resulted in the lowering of the duty from $5 to $2.50 a gallon.

Hydro December Load Shows 5.6 Per Cent Gain

December summaries of loads of Ontario Hydro-Electric Power Commission systems at 20-minute maximum peak horsepower shows primary load at 1,269,605 horsepower, an advance of 5.6 per cent over December, 1934. For the Niagara system alone the increase was 3.4 per cent to 988,700 horsepower. It is stated that the losses in December, 1935, were 20,000 horsepower less than in the December of 1934 due to an unusually economical division of load on transmission lines. Otherwise the percentage increase would have been 6.2 per cent.

Ottawa Valley Fights Back; Questions Power Act Validity

From Our Own Correspondent

MONTREAL. — Legal action has been taken by Ottawa Valley Power Co., and Joseph George Singer, Toronto, a bondholder of the company, questioning validity of the Power Commission Act passed by the Ontario Legislature in 1935. A writ has been issued at Osgoode Hall against the Attorney-General of Ontario, the Hydro Power Commission of Ontario and the Royal Trust Co., Montreal.

The plaintiffs are asking for a declaration that the act is ultra vires of the legislature of Ontario; and for a declaration that the power contract between the company and the commission is valid and for an accounting of the amount due the company since delivery was refused last October.

In case the act is upheld the plaintiffs are asking that the obligations imposed on Ottawa Valley Power Co. by the joint development agreement and the transformer agreement are no longer binding.

W. N. Tilley, K.C., is acting for the company.

Considerable importance attaches to this legal move. If Ottawa Valley Power is successful in setting aside the act, it will then be in a position to force the commission to make good on its power contract. Also it will open the way for the other power companies to take similar action.

The legal action taken by Ottawa Valley Power indicates that the company was not successful in its move to rent or sell the Chats Falls property to Ontario Hydro. Had an arrangement been entered into with Hydro the company would not be vitally interested in establishing the legality of the contract.

Enquiry in Toronto indicates the likelihood of the court case ending negotiations with Ottawa Valley Power Co. The Hydro will attempt to establish in court its legal authority to end the Quebec power contracts under the powers given it by the Ontario legislature, The Financial Post is informed. It will make no other move in view of the recourse taken to the courts by Ottawa Valley Power.

Trust and Loan Companies

Midland Loan & Savings

The Midland Loan & Savings Co., of Port Hope, Ont., reports net profits of $44,687 for the year ended Dec. 31, 1935, compared with $50,880 in the previous year. However, changes were made in the accounting practice of the company during the year. Had the statement been made up on the same basis as the previous one, the company states that both gross and net earnings would have shown an increase.

In the balance sheet a decline in total assets is shown, but interest is not included this year and "Investment Reserve Account," formerly shown among the liabilities has been deducted from the items for which it was provided.

Earnings Record

Year	Paid-up Capital and Reserves $	Net Profits* $	Div. Rate %	Rate Earned per sh. %
1930	840,000	60,632	10+2	16.8
1931	840,000	60,647	10+2	16.8
1932	840,000	55,331	10+1	15.3
1933	840,000	51,264	8½	14.2
1934	840,000	50,880	8	14.1
1935	840,000	44,687	8	12.4

* Before deduction of investment reserve.

Par value of stock $10.

Creditors' Position

	1935 $	1934 $
Debentures	1,953,298	2,074,675
Deposits	346,285	330,794
Total	2,299,583	2,405,469
Secured by:		
Liquid assets	563,474	617,266
Mortgages	2,600,130	†2,694,384
Other net assets ...	2,727	5,958
	3,166,331	3,317,608

† Includes interest.

Toronto General Trusts

Toronto General Trusts Corp. reports earnings of $191,774, or $6.39 a share, in the year ended Dec. 31, 1935. These compare with $185,069, or $6.17 a share in the previous year. After all charges $41,774 was added to profit and loss balance which is now shown at $151,493.

Total assets at $235.4 millions are $4.5 millions higher than in 1934, the increase being due to an advance of $6 millions in estates, trusts and agencies account. Investment certificates and deposits are considerably lower and almost the same decrease is noted in the assets which secure them.

Earnings Record

Year	Paid-up Capital and Reserves $	Net Profits* $	Div. Rate %	Rate Earned per sh.† %
1930	6,750,000	456,230	12	15.21
1931	6,750,000	398,507	12	13.28
1932	6,000,000	341,871	10.50	11.40
1933	5,000,000	230,955	7	7.70
1934	4,500,000	185,069	6	6.17
1935	4,500,000	191,774	5	6.39

* After all management expenses, directors' fees, advertising, rents, income tax reserve, and all other charges or contingencies.

† Before appropriations for premises and equipment.

Public Liabilities and Assets

	1935 $	1934 $
Invest. certificates..	15,370,006	16,780,201
Deposits	6,328,932	6,410,169
Total	21,698,938	23,190,370
Secured by assets:		
Liquid assets	6,993,517	7,951,966
Mtges. & int.	14,705,421	15,238,404
Net capital acc. assets	4,651,493	4,629,808
Total	26,350,431	27,820,178
Estates, etc.	209,026,346	203,026,324

Security Loan & Savings

Net profits of the Security Loan & Savings Co. in the year ended Dec. 31, 1935 were $45,841. In the previous year, after an estimated charge for income tax of $7,804, profits of $47,961 were shown. No additional appropriation for income tax is shown in the 1935 statement. Profit and loss was carried forward at $7,310 after all charges had been made, compared with $8,608 in 1934.

Total assets increased almost $55,000 to $2,252,474. Debentures were slightly lower than a year ago, but this was more than offset by an increase in deposits. Assets securing public liabilities advanced $56,000.

Earnings Record

Year	Paid-up Capital and Reserves $	Net Profits $	Div. Rate $	Rate Earned per sh. $
1930	874,800	58,572	7	10.80
1931	888,630	58,287	7	10.80
1932	874,800	*55,552	7	10.28
1933	874,800	*51,752	7	9.59
1934	874,800	*47,961	6	8.88
1935	874,800	45,841	6	8.49

*After deducting income tax, estimated: 1934, $7,804; 1933, $5,122; 1932, $6,263.

Creditors' Position

	1935 $	1934 $
Debentures	947,257	954,167
Deposits	348,900	301,751
Total	1,296,157	1,255,918
Secured by:		
Liquid assets	438,278	400,994
Mortgages	1,582,947	1,605,208
Other assets	210,415	169,624
Total	2,231,640	2,175,626

Canada Permanent Trust

Earnings of $9.93 a share, compared with $9.51 in the preceding year, are reported by Canada Permanent Trust Co. for 1935. After all charges, $5,700 was added to profit and loss account, bringing the total to $75,879.

Total assets at $44.3 millions were up more than $6 millions from the 1934 figure. The increase was almost entirely in estates, trusts and agency account.

Earnings Record

Year	Paid-up Capital and Reserves $	Net* Profits $	Div. Rate $	Rate Earned per sh. $
1930	1,400,000	92,037	6	9.20
1931	1,400,000	75,012	6	7.50
1932	1,400,000	70,790	6	7.08
1933	1,400,000	72,929	6	7.29
1934	1,400,000	95,068	6	9.51
1935	1,400,000	99,343	6	9.93

* After all expenses, charges and taxes.

Public Liabilities and Assets

	1935 $	1934 $
Trust funds	1,454,651	1,561,758
Secured by assets:		
Liquid assets	896,818	893,709
Mortgages & int. .	440,227	479,419
Capital acc. assets .	1,475,879	1,470,174
Total	4,267,575	2,843,302
Estates, etc.	41,296,304	35,116,332

Central Canada Loan

The Central Canada Loan & Savings Co. earned net profits of $204,863 in 1935, slightly more than in the previous year. Profit and loss balance carried forward at the end of the year is shown in the annual statement at $148,724, about $5,000 higher than in 1934.

Changes in the balance sheet are mostly small. Mortgages and real estate held for sale are lower than the preceding year, but cash rose sharply.

Earnings Record

Year	Paid-up Capital and Reserves $	Net Profits $	Div. Rate $	Rate Earned per sh. $
1930	4,600,000	392,634	12+3	15.71
1931	4,600,000	335,359	12+2	13.41
1932	4,600,000	264,937	10½	10.60
1933	4,600,000	202,463	8	8.10
1934	4,600,000	202,281	8	8.09
1935	4,600,000	204,863	8	8.19

Assets

	1935 $	1934 $
Liquid assets	4,484,473	4,449,198
Mortgages & int.	111,173	132,818
Other net assets	153,078	161,840

CANDN. GENERAL HOLDS DIVIDEND TO 40c A SHARE

Investment Firm Has More Money in Preferred Shares

Decision on an increase in the annual dividend of 40 cents a share on stock of Canadian General Investments has been postponed, according to Rt. Hon. Arthur Meighen, president of the company.

In the company's report for 1935, Mr. Meighen says little progress has been made in solution of some of Canada's most serious economic problems. He also points out that in some countries considerable of the economic recovery of 1935 is attributable to large-scale government spending. He comments:

"With these conditions in mind, and in the absence of any certainty of an early solution of the Italo-League dispute which will continue to exert an unsettling effect on world trade, it has been considered in the best interests of shareholders to postpone consideration of an increase in the dividend rate on your company's capital stock, notwithstanding the further substantial improvement in the results of your company last year."

Investment Policies

Important changes in the company's investment policies are evident from the report on percentage value of types of investments held. Comparative tabulation follows:

CLASSIFICATION OF INVESTMENTS
On Basis of Market Value
As at December 31

	1935	1934	1933
Type of Investment:	%	%	%
Cash	0.2	2.9	1.6
Bonds	20.4	25.9	26.8
Preferred shares	34.2	30.0	23.2
Bank, trust co. shs.	5.6	5.8	14.1
Common shares	39.6	35.5	34.3
	100.0	100.0	100.0
Geographical Distribution:			
Canada	88.9	85.5	86.0
Great Britain	1.0	0.6	1.1
South & Central America	0.4	6.7	4.6
U. S. A.	9.6	7.1	8.1
Europe	0.1	0.1	0.2
	100.0	100.0	100.0

It is apparent that the company in 1935 sold some of its bonds. It seems that in addition to a rise in value of preferred stocks, the company has bought more of them. The rise in percentage holdings of common stocks may be largely due to market appreciation.

Types of Securities

It is noteworthy that the company is investing to a greater extent in building and construction, and to a lesser extent in manufacturing and pulp and paper securities.

Another feature of the investments is that the company has virtually withdrawn from South and Central America, but has a greater interest in the United States and Canada.

Increase in Value

After payment of dividends, there was an increase of $951,213 in the net worth of the company in 1935, a rise of 17.7 per cent. The aggregate of appreciation was almost as great as in 1934 and greater than in 1933. The percentage increase, however, was less than the appreciation of 25.4 and 24 per cent in 1934 and 1933 respectively.

Mr. Meighen states that these results were accomplished in the face of an appreciable slackening of the pace of business recovery in 1935. Of the disturbances in 1935, he states:

"It is unquestionable that the irregularity and uncertainty which prevailed throughout the greater part of the year, especially in the spring, were in no small measure the result of a series of shocks given to general business and the security markets by political and governmental actions. It is hoped that these will not recur in 1936."

Earnings of 46 cents a share are shown in comparative form on page 19.

N. S. Power's New Unit Brings Troubles in Wake

From Our Own Correspondent

MONTREAL. — Acquisition of Western Nova Scotia Electric, subsidiary of Associated Gas and Electric Co., by Nova Scotia Light and Power Co., has been followed by a demand for lower rates and the suggestion that the property be municipalized.

Since the transfer of ownership has become known, power consumers in Yarmouth—the principal distributing point for Western Nova Scotia Electric—have been agitating for the towns and municipalities served by the company to assume control of the distribution of electric energy.

Officials of Nova Scotia Light & Power have not come to any decision. Sufficient time has not elapsed to allow them to make a complete survey of the situation.

Caribbean CRUISES VIA
M.S. Lafayette
LEAVING
FEBRUARY 7 & 28
St. Pierre - Fort-de-France
Trinidad - La Guayra - Cartagena
Cristobal - Kingston
5192 miles in 17 days. $200 up.
LEAVING
MARCH 20
Nassau - Kingston
Port-au-Prince - Bermuda
3641 miles in 11 days, $135 up.
BERMUDA CRUISES
APRIL 2 & 8
5 days. $65 up
Information from your travel agent or

French Line
53 Richmond St. West
Toronto
1196 Phillips Place
Montreal
Special Rail Fares Applying.

CAN. IND. ALCOHOL PROPOSES SCHEME TO PAY DIVIDENDS

Shareholders to Pass on Plan Reducing Deficit Account to $4.8 Millions

From Our Own Correspondent

MONTREAL. — Shareholders of Canadian Industrial Alcohol Co. will meet on January 30 to consider a by-law reducing the company's paid-up capital.

In explaining this move, the president points out in a letter to the shareholders, that directors at a recent meeting decided to proceed with the winding up of the company's Canadian subsidiaries, to set up more substantial reserves in respect to the company's liability under its McNish debenture guarantee, and to write down to $1 the value at which goodwill is carried on the books.

Reduce Deficit Account

One of the results of this action was the increase in the amount of the company's deficit account to the sum of $8.6 millions. In effect the amount of capital shown on the books at nearly $13.5 millions is to be reduced by the amount of the deficit to $4.8 millions.

The letter to the shareholders regarding the proposed write-down of capital reads, in part, as follows:

"Under the Companies Act, 1934, the sum of $13,482,860, shown by the books as value of the considerations received upon the issue of the company's outstanding shares constitutes the paid-up capital of the company.

Disclose Actual Position

"It seems desirable that your company's financial statements should hereafter disclose what must properly be deemed to be the company's actual paid-up capital; so your directors have enacted Special By-law "B" for the purpose of reducing the above-mentioned paid-up capital of $13,482,860 by the amount of the deficit to the sum of $4,883,735.23.

"Under the terms of the Companies Act, this Special By-law "B" requires the sanction of the holders of the Class A shares at a special general meeting called to consider the same, and confirmation by supplementary letters patent.

Pave Way for Dividend

"Your directors are of the opinion that the sanction of Special By-law "B" is expedient, not only because effect will thereby be given to a state of affairs which actually exists, but also because it will permit of a resumption of dividends at the earliest possible date as a result of eliminating the accrued deficit and will also effect a substantial saving in taxes and otherwise operate to the general benefit of the shareholders as a whole. It will not, for obvious reasons, reduce the actual value of the outstanding shares nor in any way diminish the rights of the holders of such shares."

Provincial Bank Elects Officers At Annual Meet

C. A. Roy was elected president of the Provincial Bank of Canada at the recent annual meeting, succeeding H. Gerin-Lajoie, who took over the presidency following the death of S. J. B. Rolland last April. Mr. Roy has been general manager of the bank since 1927, and is now replaced in that office by J. U. Boyer, a member of the bank's staff since 1918 and manager at the head office in Montreal since 1930.

G. A. Savoy was elected vice-president, and two new directors, Hon. R. O. Grothe and C. G. de Tonnancour, were appointed.

Ont. Savings Offices Deposits $30.2 Millions

Deposits in Province of Ontario Savings Offices totalled $30.2 millions on Dec. 13, 1935, it is stated officially. This compares with $21.8 millions on the same date in 1934.

The savings office is now operating 23 branches throughout Ontario. Seven of them are in Toronto, and two in Hamilton. Other branches are maintained at the following points: Aylmer, Brantford, Guelph, Kitchener, London, Newmarket, Ottawa, Owen Sound, Pembroke, Seaforth, St. Catharines, St. Mary's, Walkerton and Woodstock.

Ontario's Deficit

Five Months' Total $22.4 Millions Including Capital Expenditures; Short-term Debt Jumps

Ontario's deficit for the five months ended March 31, 1935, is placed at $10,440,672.

This includes all expenditures on direct relief, but excludes capital expenditures. If capital outlays are taken into account, the deficit for the five months was $22.4 millions.

Gross debt of Ontario increased $18.6 millions to $674.4 millions in the five months. A noteworthy point is that the funded debt actually decreased while the unfunded debt rose $25.5 millions. This is indicative of the predominance of short-term borrowing in the province's financing.

Abbreviated Period

Public accounts have just been issued for the five months' period resulting from the change in the province's financial year. Formerly the accounts were for years ended Oct. 31. Hereafter the financial year ends March 31.

Because of the abbreviated period covered by the new accounts, precise comparison with results in the preceding period is not possible. Results for each period, however, are as follows:

Ontario Deficits

	5 mos. to March 31 1935	12 mos. to Oct. 31 1934
	$	$
Ordinary:		
Revenue	21,048,944	50,067,841
Expenditure	31,489,616	80,667,091
Deficit	10,440,672	30,599,250
Net capital exps.	12,001,898	33,150,390
Total deficit	22,442,570	63,749,640

Capital expenditures are included in the calculation of the total deficit because no major allowance is made for debt retirement or amortization of capital investments.

The chief capital expenditures were $9.5 millions in the Department of Northern Development and $1.9 million in the Highways Department. The latter represents a sharp reduction, which, however, may be partly due to the winter season covered by the five months' figures.

Of the capital expenditures on northern development, $8,736,266 is for unemployment relief. This is capitalized because it represents chiefly road and bridge construction in connection with the Trans-Canada Highway. Otherwise expenditures on unemployment relief have been included in ordinary expenditures.

Plan to Cut Losses

Provincial officials believe the new accounts reflect considerable improvement. "The accounts are going to be honest," one official commented to The Financial Post.

It is understood that the losses resulting from past expansion of the Agricultural Development Board are to be realized gradually and will be reflected in the accounts. Capital expenditures and losses on capital investments are to be cut, The Post is informed.

One striking change in the new accounts appears in connection with the Agricultural Development Board. Only $200,000 of debentures were issued, contrasted with issue of $3.8 millions of debt in the year ended Oct. 31, 1934.

Restrict Lending

The change represents a cessation of lending on farm mortgages. The next development is expected to be gradual collection of the $50.5 millions of farm loans.

The accounts show that lending to the Ontario Hydro Commission, the T. & N. O. Railway and to municipalities has been halted. The trend on these accounts also is expected to be collection of existing loans.

Comparison of the outstanding debt at March 31, 1935, with that five months earlier shows how the province has resorted to short-term borrowings. Debt figures follow:

Ontario Debt Comparison
(In millions of dollars)

	March 31 1935	Oct. 31 1934	Change
	$	$	$
Funded debt	594.1	600.5	— 6.4
Less: Sink. fund	6.9	6.4	+ .5
Net funded	587.2	594.1	— 6.9
Unfunded debt:			
Savings deposits	22.3	21.5	+ .8
Treasury bills	49.9	20.9	+29.0
Bank o'draft	1.9	5.9	— 4.0
Special funds	3.7	3.8	— .1
Income liabs.	9.4	9.6	— .2
Unfunded	87.2	61.7	+25.5
Gross debt	674.4	655.8	+18.6

Since March 31, 1935 the province has done most of its borrowing on a short-term basis. Also, deposits in the provincial savings offices have now risen above $30 millions.

Short Debt Increased

Since March 31, 1935, $33 millions of funded debt have matured and been refinanced on a short term basis. There is another $13 millions of funded debt maturing in 1936. Then there are deficits to be financed. All told, the increase in short-term debt has become more marked than is shown in the foregoing comparison with Oct. 31, 1934.

For the present, the province has sufficient cash and revenue to take care of all obligations coming due for several months. This includes $12.7 millions of six per cent bonds maturing May 2 next.

If and when bond market conditions are considered suitable, it is understood that the province will endeavour to place a substantial part of its large short-term debt on a long-term basis. This will be done by offering of bonds.

Have YOU taken advantage of the
NEW RATES on
Long Distance
TELEPHONE CALLS?

Already it is apparent that telephone users appreciate the advantages of recent changes in Long Distance rates. Will YOU bear them in mind:-

NIGHT RATES on "Person-to-Person" Calls

Calls to a particular person are now available (on all but short-haul messages) at reduced rates after 7 p.m. Hitherto, discounts have been made at night only on "Anyone" (station-to-station) calls. The discounts on most "Person-to-Person" night calls are the same in money as on "Anyone" calls.

WEEK-END RATES

Night rates will apply all day Sunday on both "Person-to-Person" and "Anyone" calls. This means that the lowest rates for either "Anyone" or "Person-to-Person" calls are available continuously from 7 p.m. Saturday to 4.30 a.m. Monday.

NIGHT RATES on "Anyone" Calls

To points where the Day "Anyone" rate is 50 cents or less, the discounts for Night calls are reduced or discontinued. That is, some of the present 25- and 30-cent Night rates are increased by 5 or 10 cents. These discount inducements to call while the tide of traffic is lower are replaced by the more attractive Night "Person-to-Person" and Week-end reductions.

Note some examples of these Rate changes:

"PERSON-TO-PERSON" CALLS Former Rate Any Time	New Rate Night and Week-end	TORONTO to:	"ANYONE" CALLS Day Rate	New Rate Night and Week-end	Former Night Rate
$2.45	$1.60	CHICAGO	$1.95	$1.10	$1.10
4.50	2.90	HALIFAX	3.50	1.90	1.90
.50	.50	HAMILTON	.35	.35*	.25
1.25	.85	KINGSTON	1.00	.50	.50
.65	.55	KITCHENER	.45	.35*	.30
.95	.70	LONDON	.65	.35	.35
2.45	1.50	MONTREAL	1.95	1.00	1.00
2.00	1.30	NEW YORK	1.60	.90	.90
1.50	.95	NORTH BAY	1.20	.60	.60
1.75	1.05	OTTAWA	1.40	.70	.70
3.40	2.05	QUEBEC	2.70	1.35	1.35
.40	.40	ST. CATHARINES	.30	.30*	.25
9.75	6.50	VANCOUVER	7.75	4.50	4.50
1.65	1.00	WINDSOR	1.30	.65	.65
4.75	3.00	WINNIPEG	3.75	2.00	2.00

*An example of Night Rate increases which occur in a few cases.

This is the fifth important revision of Long Distance telephone rates within the past seven years. In both social and business affairs the new Week-end and Night rates offer you a broader service at a lower cost.

THE BELL TELEPHONE COMPANY OF CANADA

Abitibi Power & Paper Company, Limited
TORONTO, ONT.
Owning and operating mills at
Beaupré, Que. — Sault Ste. Marie, Ont.
Sturgeon Falls, Ont. — Iroquois Falls, Ont.
Espanola, Ont. — Smooth Rock Falls, Ont.
Pine Falls, Man. — Fort William, Ont.
Daily Capacity 2,200 Tons Newsprint
Groundwood Pulp — News Sulphite Pulp
High Grade Bleached Sulphite Pulp

THE MANUFACTURERS LIFE INSURANCE COMPANY
HEAD OFFICE - TORONTO, CANADA
Established 1887

FINANCIAL STATEMENT FOR THE YEAR ENDING 31st DECEMBER, 1935

ASSETS

BONDS		
Government and Government Guaranteed Securities	$35,040,760.75	
Municipal and Other Public Body Securities	17,455,430.11	
Public Utility Bonds	7,667,502.91	
Other Corporation Bonds	6,809,628.98	
		$66,973,322.75
PREFERRED AND COMMON STOCKS		
Preferred Stocks	$ 1,233,778.35	
Common Stocks	3,806,170.16	
		5,039,948.51
FIRST MORTGAGES ON REAL ESTATE		
City Properties	$20,097,464.02	
Farm Properties	7,671,041.60	
		27,768,505.62
LOANS ON THE COMPANY'S POLICIES		
Loans made to policyholders on the security of their policies in accordance with the provisions of the Company's policy contracts		20,536,973.39
HEAD OFFICE PROPERTY, OTHER REAL ESTATE AND SALE AGREEMENTS		
Head Office Property	$ 975,000.00	
Other Real Estate	3,716,540.42	
Sale Agreements	934,665.68	
		5,626,206.10
SUNDRY ASSETS		3,984.27
CASH ON HAND AND IN BANKS		2,356,585.56
TOTAL LEDGER ASSETS		$128,305,526.20
OTHER ASSETS		
Interest due and outstanding	$ 327,672.59	
Interest accrued but not due	1,943,651.41	
Deferred and outstanding premiums	3,232,287.86	
Due from other companies on policies reinsured	14,862.35	
		5,518,474.21
		$133,824,000.41

LIABILITIES

POLICY AND ANNUITY RESERVES — The actuarial liabilities of the Company in respect to its policy and annuity contracts	$113,554,909.00
DEATH AND DISABILITY CLAIMS AWAITING PROOF — Claims of which the Company has received notification but for which the necessary documents are not yet complete	1,110,839.05
PROVISION FOR UNREPORTED DEATH AND DISABILITY CLAIMS — A reserve fund for death and disability claims which may have occurred during the current year but notification of which has not been received by the Company	225,000.00
FUNDS ON DEPOSIT — Policy proceeds and dividends left on deposit with the Company by policyholders and beneficiaries and accrued interest thereon	3,556,059.28
OTHER LIABILITIES TO POLICYHOLDERS — Premiums paid in advance and miscellaneous credits to policyholders' accounts	2,164,846.92
STAFF PENSION FUNDS — The accrued liability of the Company in respect to the pension funds to which the Company and its employees jointly contribute	993,139.10
GOVERNMENT TAXES ACCRUED — Provision for Federal, Provincial and State taxes payable in 1936	300,000.00
SUNDRY LIABILITIES — Accrued rents, salaries, commissions, agency balances, etc.	266,444.40
SHAREHOLDERS' FUND — Fully-paid capital stock of $1,500,000 plus balance standing to the credit of the shareholders' account	2,410,885.33
RESERVE FOR DIVIDENDS TO POLICYHOLDERS — Policyholders' dividends to be paid during 1936 and provision for accrued dividends under quinquennial and other deferred dividend policies	4,550,000.00
CONTINGENCY RESERVE	1,500,000.00
SURPLUS	3,191,877.33
	$133,824,000.41

J. H. LITHGOW,
General Manager.

AUDITORS' REPORT TO THE SHAREHOLDERS AND POLICYHOLDERS

We have audited the accounts of the Company for the year ending 31st December, 1935. We have verified the Cash and Bank Balances and the Securities (valued within the requirements of the Dominion Government) and have accepted the report of the Company's Actuary with respect to the policy reserves and liabilities to policyholders, subject to which we report that in our opinion the foregoing Cash Account and Balance Sheet exhibit a true and correct view of the Company's affairs at 31st December, 1935.

TORONTO, JANUARY, 14TH, 1936.

H. D. LOCKHART GORDON, F.C.A.
R. J. DILWORTH, F.C.A.
of Clarkson, Gordon, Dilworth & Nash,
Chartered Accountants.

BOARD OF DIRECTORS
PRESIDENT AND GENERAL COUNSEL
M. R. GOODERHAM, K.C.
VICE-PRESIDENT
GEORGE G. MITCHELL
A. L. BISHOP — GEO. H. CASSELS, K.C.
R. A. DALY — H. B. HENWOOD
F. GORDON OSLER — DOUGLAS G. ROSS, M.P.

Strong Position of Canada Life Evidenced by 89th Annual Report

"Policyholders Vitally Concerned With Interest Rates," States A. N. Mitchell, Vice-President and General Manager

An optimistic note was sounded at the Annual General Meeting of the Canada Life Assurance Company, held in the Head Office of that Company, at Toronto, on January 16, when Mr. A. N. Mitchell, Vice-President and General Manager, referring to general world conditions, stated:

There are many evidences that the dark clouds which have been overshadowing the world during the last six years are beginning to break, and the sun of renewed confidence is commencing to have its effect on the growth of industry and commerce. Canada is evidently getting its share of the improvement, since the Dominion Bureau of Statistics reports the average level of employment last year to be higher than at any time since 1931.

Safeguards Prove Effective

The safeguarding steps which your directors inaugurated early in the period of storm have been very effective. The result is today they lay before you a report which, in the opinion of those of us who have given it close study, should give intense satisfaction to both policyholders and shareholders.

Company Resources Stronger Than Ever

During the last six years it has been the policy of your Company to not only strengthen the reserves which are made apparent in any annual report, but also, through writing down of book values, to otherwise heavily strengthen the Company's position. With the development, however, of more prosperous times, we are confident that much of what has been done in this way will later be released for the benefit of the policyholders' surplus accounts. In the meantime, we believe that these adjustments have made the position of the Company one which should give its policyholders a very comforting feeling of safety.

It has been necessary, however, in order to accomplish this to do certain things which have created unusual difficulties for our field workers.

Maximum Safety Most Important

During the optimistic twenties, insurance salesmen had most naturally developed an emphasis on so-called "net cost." It was not easy to switch from this to a sale based on maximum safety, despite the fact that maximum safety was the more important factor to the purchaser.

I would like to record here the Company's appreciation of the loyal support we have received from our field representatives throughout this difficult adjustment. It has meant in many cases lessened income to themselves but at all times we have found them not only accepting but approving and supporting the decisions made.

Annual Premium Insurance Increased

We asked last year for an increased sale of annual premium ordinary life insurance (as differentiated from group, single premiums and annuities). It is particularly gratifying, therefore, to find that the year-end results show an increase in this class of business in the British Isles, the United States and in Canada, the total increase being two and one-quarter millions. This is a most satisfactory response, inasmuch as we are primarily selling life insurance, and annual premium policies are the backbone of the business. The first-year premiums received from this source exceeded the record of 1934 by $145,000. It is a significant fact also that, in Canada, the number of insurance sales made exceeded those of the previous year by approximately twenty per cent.

In previous years the Company has had very considerable insurances and annuities involving single premiums. A year ago we pointed out that in 1935 the amount to be received in respect of this class of business would likely be greatly reduced. The investment difficulties in connection with it made it advisable to impose new rates and regulations. The decrease materialized as expected and has considerably affected our figures respecting insurances, assets and premium income.

Production in British Isles

The heaviest effect from these restrictions was felt, of course, by our British Isles Division, where this class of business had been very prominent. It is greatly to the credit of Mr. Wandless, our Manager for the British Isles Division, and of his able staff, that despite the heavy handicaps suddenly placed on them, they were able to so creditably maintain the production of new business.

This change of policy, as forecast last year, has resulted in a large reduction of annuity and insurance income and also accounts for the difference in total income. The other sources of income, despite the adverse circumstances, have been satisfactorily maintained.

Policy Loan Situation Improved

Another indication of the change in the trend of the times is shown in the heavy decrease in terminations. These are still high but surrenders show a decrease of over twenty per cent. as against 1934. The major portion of these surrenders are still found in the policies bearing the heaviest burden of loan and are, therefore, still apparently the outcome of the heavy borrowing in the early days of the depression.

Studying these surrender records one cannot help but appreciate why those who are interested in the welfare of the business and its policyholders, fear any practice which leads to free policy borrowing. It invariably leads to a heavy destruction of the protection which is the purpose of life insurance.

Benefits of $26,382,110 Paid in 1935

The Company has again paid out a very large sum to its policyholders, annuitants and beneficiaries, amounting to over twenty-six and one-quarter million dollars. Again it is worthy of note that over nineteen million dollars were paid out to living policyholders and annuitants. These large sums being disbursed in these troublesome years by the life insurance business in this country and elsewhere must have had a very strong supporting influence on the general situation.

Assets Substantially Augmented

The change in policy regarding single premiums and annuity considerations has also had a decided effect on the increase in assets. This year the increase is still highly satisfactory, being over six and one-half million dollars, but because of this change in policy, is about half the increase of the preceding year. The total is now over two hundred and forty-eight million dollars.

Count Only Cash Actually Collected

Despite the very conservative valuation given the assets, we have at the same time felt it wise to maintain for the present the investment reserve at the same figure as before, namely, two million dollars. In addition, the unassigned surplus has been increased to over $4,011,000, while the provision for dividends to policyholders payable in the future, but not yet declared, has been increased to $510,000.

Conservative Valuation of Assets

We draw your attention also to the asset item of interest and rents due and accrued. The interest due has this year been reduced by $200,000, leaving $1,368,000. In the provision set up for investment reserve, we have included also a provision for $167,000 against current arrears of interest. In reality, therefore, the Company is actually only assuming credit for approximately $1,200,000 of overdue interest, which really means that every dollar of overdue interest on bonds and stocks, and all interest more than one year overdue on mortgages and sales agreements has been excluded from our calculations.

For a couple of years we have been taking cash interest collections only into account in arriving at our interest rate. This year we are being even more strict than that. To have maintained our book value of overdue interest at the same value as last year, would have maintained our interest on the cash collection basis. Instead, we have written that value down $200,000 out of cash collections. It has been our ambition to exclude from our assets all mortgage interest overdue more than one year. This has now been accomplished and we are able to report our interest rate for 1935 at 4.55%, based on the conservative method of calculation just outlined.

Recovery in Securities

The process of lowering interest rates has continued during the year. This applies particularly to bonds and mortgages.

It is very gratifying, however, to note that new defaults on bonds and stocks have practically ceased to occur. On the other hand, there has been an increasing number of securities resuming payments and evidencing recovery.

Interest Rates and the Policyholder

This question of lower interest rates is one of the most publicized subjects of today. It seems to be regarded by some as a cure-all for financial troubles. As an institution which has been entrusted by some hundreds of thousands of people with their savings, gathered for the specific purpose of providing for their dependents and their own old age—an object which is surely of national importance when we look at the relief costs of our governments—we naturally have a very deep interest in the trend of public thought on this subject.

We have the utmost regard for all governments and all business corporations who, by the exercise of good management and control of expenditures, can place their financial affairs in such a position that money flows to them at low rates of interest and enables them to refund their loans at less cost to themselves.

The government of Canada itself has been most successful in this respect. It has, we believe, reduced its interest charges during the last few years by more than fifteen million dollars per annum and will, without doubt, accomplish still further heavy savings during the next few years. Very large amounts of Canada's debt fall due in 1937. If the country's present high credit can be maintained, then there is every warrant for the belief that these loans can be refunded at much lower rates.

The Minister of Finance has recently stated that it is the intention of Canada to proceed with this refunding in an orderly way. We believe that we may regard the Canadian government's intentions as warranting investors' confidence in the Dominion to carry out its obligations fully and completely.

Balanced Budgets Aid Recovery

There is a group which advocates that the total debts of the community are larger than can be cared for. Are these advocates not overlooking the fact that in the case of governments and municipalities the relief charges are the present cause of most of the budget difficulties and that a return of improved business conditions will go a considerable way toward solving the problem?

In the minds of some of those who are discussing this question, there is apparently a misunderstanding of the large war loan conversion carried out by Great Britain. Some seem to think that this was the result of some voluntary patriotic effort and others that it involved some sort of compulsion. In reality, it was accomplished through the normal procedure of balancing the national budget and thus building up a market for government bonds, which permitted the government to take advantage of the provisions contained in the bonds themselves for calling them at fixed prices. It was exactly the same process that many large corporations with good credit are following today in taking advantage of the call price placed in their bonds when issued.

Any policy of forced conversion must be, of necessity, an acknowledgment of bankruptcy. Bankruptcy invariably leaves marks on the credit of individuals and nations that even decades do not wipe out. There, no doubt, will be instances where public bodies, corporations and individuals cannot carry on and where they will have to submit plans to their creditors for consideration. These, however, must surely be limited to real cases of bankruptcy and surely these plans can only be accepted as they would be in the case of the bankrupt individual, when the inability to pay is fully established by the investigations of the creditors themselves.

Confidence the Keystone of Business

It is not inability to pay that we are most concerned about. It is unwillingness—a horse of another color. The credit of public bodies is easily injured and we as citizens should exercise every persuasive power we have to encourage our governments to preserve it to the fullest extent. Business can only be built up on confidence. Confidence is the belief of one man in the word of another and confidence in our public institutions is based on a belief in their uprightness and stability.

It has never been a pleasant job for the individual or the community to pay for past extravagances but honest men, unless bankrupt, have always done it. Canadians come of stock in which this thought is ingrained. Our unrivalled resources both of natural wealth and inherited integrity will always see us through. Any thought of repudiation is foreign to our national characteristics and false to our traditions.

Policyholders Vitally Concerned in Interest Rates

If there is one body of people in this country that are vitally concerned in this whole question it is that thrifty group that have gathered themselves together in our insurance companies. In this country there are over three million people who have pooled their thrifty savings in the assets of these companies and for whom there has been purchased immense blocks of public securities. Any detraction from the credit of our public authorities will be felt by this group to the maximum extent. Our life insurance policyholders should, therefore, be among those who are the first to strive against any tendency such as we have outlined.

In connection with the question of lowering interest rates, we would like to emphasize that the process is going on every day in the ordinary course of negotiations between debtors and creditors as the obligations of the former fall due. Good borrowers, who have looked after their accounts satisfactorily, are finding no difficulties in arranging renewals at very much lower rates.

Mortgage Debts Being Reduced

It is encouraging to note in our mortgage accounts the large number of cases where substantial reductions have been effected in the amounts owing, both by repayments and, in the case of necessity, by compromise. This applies to both farm and city business. It is perfect evidence that the debts are being reduced and that the way of business recovery is daily becoming more clear.

Non-interference Would Help Business

If individual debtors could be left alone to deal with individual creditors, without legislative interference, the whole situation would clear up, we believe, with greater rapidity.

Surely the removal of much of the restrictive legislation affecting contracts is now overdue! Surely our courts could be entrusted again with the full authority to adjudicate contracts and give us a chance to more rapidly clear up the debris which has been left behind by the storm!

To publicly encourage a disregard for contractual relationships is certainly playing with fire and may easily lead to chaotic conditions. One has only to picture to himself a country where belief in credit has been destroyed to realize that such a country would revert to the most primitive conditions of living.

Again I would urge that we keep in mind the necessity of giving time a chance to cure. The vast interlocking interests of our debtors and creditors resembles the huge ocean liners. You all know that it takes considerable time to get these huge fabrications into reverse. They could be stopped more quickly if one could throw the machinery immediately into full speed astern, but the machinery would undoubtedly be destroyed if it were tried.

Mortgage Loans Increased

Last year I made reference to the effort being made to improve our earnings by increasing the amount of money being placed in first-class mortgages. We are glad to be able to say that during the year we succeeded in placing the substantial sum of $1,786,787 in such investments at a yield of approximately five and a half per cent. Owing, however, to the increasing ability of existing borrowers to make payments, the amounts so placed did not offset the repayments. This is a healthy sign so far as our existing mortgages are concerned but indicates also the fact that the class of mortgage we are seeking is not as yet available in large volume.

It is our belief that if government policies as regards public debt can be clarified and stabilized, and particularly those relating to taxation to cover relief, there will be a renewal of interest in the ownership and development of property. The present burden of taxes falls so heavily on property and there is so much uncertainty about new taxation that there has been a decline in home ownership and home building and we are confident that a census would show a heavily increased percentage of tenancy.

Housing Bill Aids Home Building

We believe that the recent Dominion Housing Bill presents an opportunity to responsible people of moderate means to purchase and erect homes on terms within their ability to pay and that as the terms of this Act become more fully known and used, there will be a revival in building which will prove gratifying to the building trades and have beneficial repercussions on all other lines of business. It is our belief, however, that undue pressure to promote borrowing under this Act is not advisable. It should, instead, function in relation to the normal demand for the types of property most needed.

Western Farm Loan Situation Improved

In so far as our Western farm loans are concerned, there has been an undoubted improvement in the background of our securities. In most areas the long and sustained drought has been definitely broken. Unfortunately, the very promising crop this year had to meet very considerable rust and frost conditions. In fact, some areas heavily affected by the previous drought were this year involved in the rust, while frost did great damage in districts which had previously not been so seriously disturbed.

Despite these misfortunes, the year has moved toward better days in our Western agriculture. In all parts, the feed conditions were vastly improved and the result has been that the mental attitude was decidedly changed with the breaking of the drought. In places where they had crops for the first time in several years we have again had evidence of the quick recovery which can be made and we can quote many examples from our records of farmers who have been enabled to re-establish themselves financially from this one season. There has been throughout a most gratifying re-establishment of properties and there is every reason for hope that these freshly prepared lands will yield a good harvest before another year is out, owing to improved moisture conditions.

Now that it is likely that no heavy grain surplus will be further overhanging the world markets, there is every reason to hope that the enlarged crops which can be anticipated will bring a renewed prosperity to our Western provinces in 1936.

Average Man Real Creditor of Nation

Once more, before closing, I would like to emphasize the point that the creditors of the bulk of mortgage and governments' debts are in these days really the great mass of the community. They are people whose thrift has built up the deposits in the savings banks and in the trust and loan companies, who have purchased the debentures of these companies and have become the policyholders of the life insurance companies. The life insurance companies have policyholders in the large majority of households in this country. These are the citizens who have worked hard and exercised self-denial to provide something for their old age and for their dependents, or are those widows and orphans who are now benefiting by previous self-denial on the part of others. It is time this great body of creditors began to exercise their interest in the matter. They should not forget that they are also the voters.

Insurance a Factor in National Progress

How different a place Canada would be today if it were not for the fact that these groups of policyholders have pooled their reserve resources and made them available for public borrowing. These small individual amounts brought together have helped to finance all public endeavor; have built a great proportion of our schools; have furnished much of the money to build the country's homes and develop its industries; have furnished our municipalities with funds to build their various plants and pave their streets; have furnished our provinces and our power companies with the means to develop the country, electrically; have enabled our provinces to construct our highways; have, in fact, enabled the various sections of the country to carry on its private and public undertakings. They have been a greater factor in all these things than any other business in the country, with the possible exception of the banks. Through these institutions great multitudes of individuals have mobilized their savings for the benefit of the nation as well as for the benefit of themselves.

Whittall Can Preferred Liquidated By Redemption

From Our Own Correspondent

MONTREAL. — Whittall Can Co. preference stock was struck from the board of the Montreal Curb Market on January 20, as a result of the redemption and cancellation of the stock on that date.

There were 19,000 shares of stock outstanding. These were redeemed at $110 a share, together with cumulative dividends and accrued interest at the rate of 6½ per cent per annum to January 20.

London Building Progresses

The new federal building at London, Ont., is virtually completed, and interior work is commencing. The building was the highlight of London's construction programme for 1935, one of the best years in the history of the city from a building standpoint.

Oshawa Expanding

During 1935 Oshawa issued 123 building permits or a total estimated expenditure of $124,625. This figure was the largest in Oshawa since 1931 when the total value of projects undertaken was $146,375.

COMMITTEES ASK FURTHER DEPOSITS SUBURBAN BONDS

Toronto Suburban Bondholders' Committees Strengthen Positions

Active steps are being taken by the protective committees of the defaulting Toronto suburban municipalities to secure further deposits of bonds.

In view of the nature of the Windsor refinancing scheme it has been deemed advisable to secure the deposit of as many bonds as possible in order to strengthen the position of the committees. Both the Ontario Department of Municipal Affairs and the fiscal agents of the municipalities are at present engaged in working out refinancing plans. For this reason bondholders have been organized in order that any unfavorable features of the anticipated refunding scheme may be combatted. It is probable that the committees will make arrangements in the near future for a survey of the finances of the municipalities.

Announcement of protective committees for East York, Scarborough, North York, Etobicoke, New Toronto, Mimico, Weston and Leaside was made some time ago. Each municipality has its own committee, the personnel of which is made up of owners of bonds or their representatives.

Joint Action

A joint appeal made this week for deposit of bonds of the various municipalities indicates that there will be close co-operation between the committees. In the event of a proposal being made for the merging of the municipalities into a metropolitan area, the committees would unite. At the present time, an informal committee of two members of each individual committee is acting for the purpose of deciding on the general policy to be followed.

Deposited bonds will not, in accordance with the terms of the agreement, be voted in favor of any plan without the owners first being consulted. Bondholders not in agreement with any policy of the committee may request the return of their bonds. Withdrawal, however, must be made within 20 days of the time notice of any plan is sent to bondholders by the committee.

A very satisfactory volume of bonds has already been deposited with the trust companies, acting as depositaries, The Financial Post is informed. The secretaries and depositaries of the various committees are as follows:

Committees

York Township — Secretary, Graham Lawson, Room 1010, 25 King St. W., Toronto; Depositary, The Toronto General Trusts Corp.

Scarborough Township—Secretary, N. D. Crisp, 19th floor, 80 King St. W., Toronto; Depositary, The Trusts & Guarantee Co. Ltd.

North York Township—Secretary, W. E. C. Martin, 330 University Ave., Toronto; Depositary, Canada Permanent Trust Co.

Etobicoke Township—Secretary, A. S. Haydon, 15 King St. W., Toronto; Depositary, Toronto General Trusts Corp.

New Toronto—Secretary, A. C. Cochrane, 200 Bloor St. E., Toronto; Depositary, Toronto General Trusts Corp.

Mimico—Secretary, H. Vandervort, 255 Bay St., Toronto; Depositary, The Sterling Trusts Corp.

Leaside—Secretary, C. H. Webb, 302 Bay St., Toronto; Depositary, Canada Permanent Trust Co.

Guelph Carpet Elects R. R. Corson Director

Guelph Carpet and Worsted Spinning Mills Ltd. announces the election of Rolph R. Corson to the board of directors.

The new director is president of R. R. Corson, Ltd., vice-president of Pond's Extract International, Ltd., director of Dominion Stores Ltd., Chartered Trust and Executor Co., Remington Rand Canada Ltd., Boiler Inspection and Insurance Co. of Canada, and other Dominion companies.

Mr. Corson was born at Markham, Ont., in 1881. He started his business career as junior clerk in the Standard Bank of Canada in 1898. Some years later he entered the industrial field.

Walker's Preferred Can Be Redeemed

The impression that Hiram Walker-Gooderham and Worts issue of debentures ends any possibility of redeeming preference stock until every debenture has been paid, is erroneous, according to W. J. Hume, president.

The company is not permitted to buy or redeem any preferred only "if such purchase would reduce net current assets of the company and its subsidiaries below the principal amount of debentures issued and then outstanding."

Corporate Investors Offering Price $7.25

Directors of Corporate Investors Ltd., Toronto investment trust, have announced an increase from $6.50 a share to $7.25 per share in the offering price of the company's capital stock.

On the basis of the dividend of 20 cents a share paid in 1935, the yield on the new offering price is less than three per cent.

Foreign Trade

Weekly foreign trade news summarized by Commerce Reports, Washington, follows:

Brazil—The increase in building permits indicates future activity in construction.

Peru—Business improvement has been maintained owing to good cotton crops and to steadiness of exchange.

Jamaica—Foreign trade expanded during 1935, but Christmas was slightly under 1934.

Panama—Christmas trade was unusually large and wholesale buying has been active.

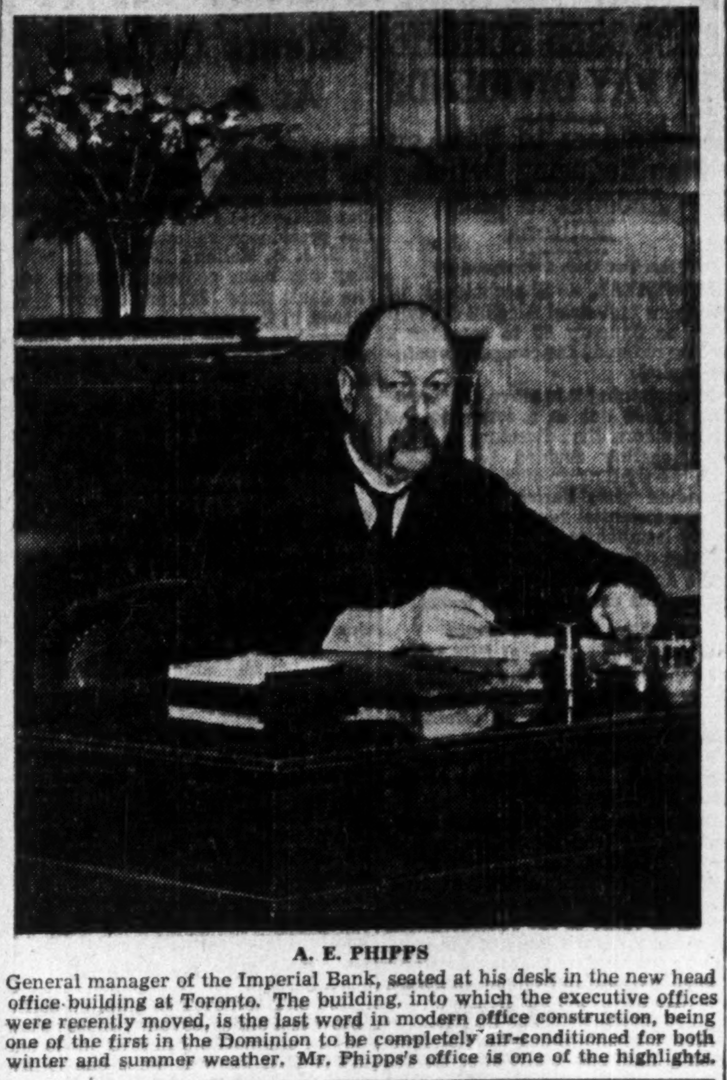
China—The cotton crop showed considerable reduction from the previous year.

New Zealand—Export trade was active during October and imports have also been large.

Greece—Foreign trade balance was favorable in October owing to heavy exports of tobacco and currants.

Egypt—Heavy cotton shipments during October greatly increased the export balance.

Settled in New Home



A. E. PHIPPS

General manager of the Imperial Bank, seated at his desk in the new head office building at Toronto. The building, into which the executive offices were recently moved, is the last word in modern office construction, being one of the first in the Dominion to be completely air-conditioned for both winter and summer weather. Mr. Phipps's office is one of the highlights.

Toronto Harbor Tonnage Less in 1935, But More Ships

More vessels entered Toronto harbor in 1935 than in the previous year, but total cargo tonnage was slightly less.

General merchandise, oil, coal, and sand were higher. Grain and coke shipments fell off sufficiently to bring the total just short of the previous year.

A comparative statement of this waterborne trade since 1932 follows:

		1935	1934	1933	1932
Vessels	No.	2,810	2,751	2,448	2,310
Vessels	tons	3,295,897	3,440,994	2,922,659	2,678,141
Total cargo	"	3,018,882	3,125,144	2,500,100	2,270,445
Merchandise	"	307,327	278,022	292,271	238,401
Coal	"	1,385,156	1,329,980	1,081,563	784,522
Coke	"	177,930	337,557	243,914	278,473
Sand	"	97,033	71,935	24,865	79,246
Cement	"	27,527	30,007	15,995	34,065
Oils	gals.	181,270,000	176,976,000	164,936,000	175,525,000
Grain	bush.	11,091,000	13,642,000	6,447,000	7,581,000

Life Insurance Reports

Manufacturers Life

A gain of $12 millions in business in force due to a "modest increase in new business and an appreciable decrease in amount of business terminated" is reported in the 49th annual statement of the Manufacturers Life Insurance Co. Total business in force now stands at $519 millions. New business issued totalled $62.7 millions, an increase of 2.2 per cent over 1934.

Gains in new single premium and annuity business aided in boosting premium income by a million dollars above the 1934 figure. Average premium paid was $78 per policy of insurance, there being at the end of the year 235,000 policies in force for an average amount of $2,300 per policy. These policies cover approximately 200,000 persons, according to president M. R. Gooderham. In 1935 some 24,700 new policies for an average amount of $2,500 per policy were sold by the company.

Disbursements to policyholders were lower in 1935 by 16 per cent the company's mortality rate dropping to 66 per cent of the expected figure compared with a corresponding rate of 72 per cent in 1934. The 1935 figure, according to General Manager J. H. Lithgow, was considerably lower than the average rate for the last ten years. Dividend payments to policyholders were lower by 24 per cent while surrender and maturity payments dropped $1.7 millions. The company set aside $1,105,000 as provision for depreciation in value of securities and other assets compared with a corresponding item of $734,000 in 1934.

Reference was made by M. R. Gooderham to the fact that in the past five years the company has paid $81 millions to policyholders of which $21 millions was paid in death claims and the remaining $60 millions to living policyholders. The death claims were paid under 7,844 policies on 6,626 lives an average amount of $3,177 for each life deceased during the period.

A gain in $9 millions in total assets brought that figure at the end of 1935 to $133.8 millions. Chief increase are in government, government guaranteed and municipal bonds. The gross rate of interest earned was 4.87 per cent compared with 5.13 per cent in 1934, although cash rate of interest collections on mortgages (particularly farm mortgages) was reported as showing marked improvement. J. H. Lithgow expressed the opinion that "a conservative view necessitates the assumption of a continuation of low interest rates for some time."

In addition to adding $500,000 to contingency reserve the company increased free surplus over and above capital stock by $186,000, to $3,192,000.

Announcement was made at the annual meeting that J. H. Lithgow, general manager of the company had been elected a director of the company.

Comparative figures for chief items follow:

MANUFACTURERS LIFE
Business in 1935

	1935 $	1934 $
New ins. issued	62,737,904	61,388,356
Business in force	519,956,595	508,078,583
Income & Disbursements		
Net prem. income	21,798,523	20,657,075
Interest & rents	6,087,646	6,022,448
Total income	29,760,357	28,428,495
Policy payments:		
Death claims	3,586,489	3,964,839
Surrenders, maturities, etc.	7,978,577	9,681,857
Policy dividends	1,906,833	2,623,893
Assets and Liabilities		
Ledger assets	128,305,526	119,121,415
Total assets	133,824,000	124,822,029
Bonds	66,973,323	59,212,484
Mortgages	27,768,506	28,999,170
Policy loans	20,536,973	21,317,718
Policy reserves	113,554,909	106,019,204
Dividend reserve	4,550,000	4,827,603
Conting. reserve	1,500,000	1,000,000
Free surplus	3,191,877	3,005,696

Dominion Life Reports Assets Now $31,100,000

Although new insurance issued was three per cent lower than in 1934, new business paid for showed a 2½ per cent gain over the previous year, according to preliminary figures issued last week by Dominion Life Assurance Co. Business in force at the end of the year was higher by $5 millions at $155 millions.

Total assets show a gain of $2.2 millions and now stand at $31.1 millions. The company reported an excess of receipts over expenditures amounting to $2.4 millions compared with $2.7 millions in 1934.

Comparative figures in preliminary form follow:

DOMINION LIFE

	1935 $	1934 $
New ins. issued	23,180,974	23,974,559
Bus. in force	155,279,029	150,221,793
Premium income	4,715,470	5,454,487
Total income	6,896,087	7,277,031
Policy payments	2,968,628	2,985,023
Total assets	31,098,870	28,857,019
Policy reserves	25,650,827	24,097,137

Lower St. Lawrence Power Earnings on Better Level

From Our Own Correspondent

MONTREAL.—Earnings of Lower St. Lawrence Power Co. are officially stated to have shown an improvement in recent months. Gross income for November and December was $48,678, an increase of $6,007 over the corresponding months of 1934. Operating expenses for the two months amounted to $18,136, down $2,121 from the 1934 figure. Allowance for depreciation was higher at $7,618, leaving a balance of $22,924 available for bond and note interest. Bond interest for the two months totalled $11,666.

New Business of Great-West is $50,668,000

Preliminary figures issued by the Great West Life Assurance Co. this week show $50.1 millions of new business issued in 1935, inclusive of annuities. Strictly comparable figures for 1934 are not available since previous totals are exclusive of annuity business. Excluding annuity business the company issued $58.9 millions of new business in 1934.

Total business in force at the end of 1935 is shown at $570.8 millions (inclusive of annuities). The 1934 figure (excluding annuity contracts) was $554.4 millions.

Total assets are higher by nearly $5 millions while a gain of $113,000 in free surplus over and above capital stock and contingency reserves is indicated. Total payments to policyholders reached $16.2 millions of which nearly $13 millions went to living contract-holders.

GREAT-WEST LIFE

	1935 $	1934 $
New ins. issued*	50,067,747	58,910,253
Bus. in force*	570,774,224	554,363,082
Total income	26,531,468	26,899,260
Policy payments	16,195,082	18,633,937
Total assets	143,595,896	138,245,139
Conting. res. and surp.†	5,352,525	5,239,203

*Figures include annuities in 1935; exclude them in 1934.
†Contingency reserve in 1934 totalled $3,000,000.

Ottawa Permits

Total estimated cost of 536 building projects undertaken in Ottawa in 1935 was $4,497,240.

This compared with 529 permits issued in 1934 and building construction costing $1,271,680 in 1934.

DOMINION BANK SHOWS EARNINGS SLIGHTLY LOWER

Deposits and Investments Up Sharply — Liquid Position Improved

Slightly lower earnings, strong liquid position and substantial increases in deposits and investments feature the 1935 report of The Dominion Bank.

Reflecting the lower yield which could be obtained from investments and loans, net profits for the year dropped to $1,130,053, compared with $1,151,561 in the previous year. Larger appropriations for pension fund and write-off of premises brought surplus for the year to $51,556 as against $105,790 in 1934. Net profit, before appropriations, was equivalent to $16.14 a share, the corresponding figure for 1934 being $16.45.

Income and Surplus Account
Years Ended December 31

	1935 $	1934 $
Net profits*	1,130,053	1,151,561
Less appropriations		
Dividends	700,000	700,000
Officers' pens. fund	75,000	50,000
W/o premises	75,000	50,000
Dom. & prov. taxes	228,497	245,762
Surplus for year	51,556	105,790
Add: Previous surplus	541,143	435,344
Bal. carried forward	592,699	541,143

*After deducting charges of management, interest accrued on deposits, and making provision for all doubtful debts.

Securities at New High

Total assets increased during the year by $8.3 millions to $134.1 millions. Most of this increase is attributable to a rise in security holdings, which are now at the highest figure in the bank's history. The advance was particularly marked in short term government issues. Other assets to show substantial increases include cheques on other banks $2.1 millions, call loans outside Canada $1 million and letters of credit, indicating more active foreign business, almost $2 millions.

While Canadian call loans at $7.3 millions are only $545,000 below last year, current loans, utilized mostly for commercial purposes, are about $5 millions lower. Advances to municipalities are shown at $2.8 millions.

Indicative of the improved liquid position, immediately available assets of $75 millions cover about 65 per cent of public liabilities. Last year this percentage was 61.

The large increase in deposits was about equally divided between interest bearing and non-interest bearing accounts.

Note Circulation Lower

Establishment of the Bank of Canada is reflected in a decrease of $781,000 in note circulation, after provision was made for the five per cent cut effected on Jan. 1, 1936. Its effect is also seen in the change from Dominion notes to notes of the Bank of Canada and from deposits with the central gold reserves to deposits with the Bank of Canada. Advances to the government, amounting to $1.5 millions in 1934, have been entirely wiped out. No item is shown in the accounts covering the profit accruing from the revaluation of gold, estimated at $223,100.

General Statement
As at December 31

	1935 $	1934 $
Gold held in Can.	534	
Sub. coin held in Can.	262,732	
Gold held else.	114	666,788
Sub. coin else.	660	
Notes Bk. of Can.*	2,271,560	10,879,473
Dep. with Bk. of Can.†	9,931,530	400,000
	12,467,129	11,946,261
Notes of other bks.	439,900	753,695
Govt. & bk. notes‡	88,180	69,982
Cheques on banks	9,154,475	7,019,080
Due by bks. else.	2,756,278	1,975,288
Call loans in Can.	7,256,258	7,801,873
Call loans else.	3,282,068	2,292,949
	22,977,159	19,912,877
Govt. secs. short term•	11,842,691	5,466,185
Other govt. secs.•	18,330,775	21,777,977
Can. munic. secs.•	5,058,149	4,775,085
Pub. secs.‡•	1,250,827	......
Other bds., debs.•	3,033,637	2,298,359
	39,516,079	34,317,606
Total quick assets	74,960,367	66,176,744
Curr. lns. in Can.▪	45,209,590	50,220,135
Curr. loans else.▪	219,564	398,279
Municipal loans	2,830,264	......
Non-curr. loans▪	361,107	376,463
	48,620,525	50,994,877
Premises	5,855,000	5,900,000
Real estate	85,069	85,491
Mortgages	37,209	37,162
Dep. re circ. fund	345,074	319,730
Lets. of credit	4,022,279	2,116,778
Other assets	198,283	176,341
	10,542,914	8,635,502
Total assets	134,123,806	125,807,129
Liabilities		
To the Public		
Circulation	5,902,231	6,683,629
Advs. under Finance Act.	......	1,500,000
Bals. due Dom. gvt.	357,913	1,496,241
Bals. due prov. gvt.	1,047,883	445,463
Deposits by public:		
Demand	21,084,857	17,047,553
Sav. & accr. int.	83,446,550	79,279,904
Due other Can. bks.	2,477,141	......
To banks abroad, etc.:		
Foreign banks	664,815	567,734
Letters of credit	4,022,279	2,116,778
Other liabs.	351,944	375,656
	119,355,622	111,090,400
To the Shareholders		
Dividend payable	175,000	175,000
Unclaimed divids.	484	568
Reserve fund	7,000,000	7,000,000
Cap. stock paid-up	7,000,000	7,000,000
Surplus	592,699	541,143
	14,978,183	14,716,712
	134,123,806	125,807,122

*Prior to 1935, shown as "Dominion Notes."
†Prior to 1935, shown as "Deposits in Central Gold Reserve."
‡Other than Canadian.
•Not exceeding market value.
▪Estimated loss provided for.

GLOBE ENVELOPES
Makers of Well Gummed Envelopes
550 ADELAIDE STREET WEST—TORONTO

JAMES W. SEWALL
Timber Cruises and Valuations
JAMES W. SEWALL
Old Town, Maine
PHILLIPS & BENNER
Ruttan Block, Port Arthur, Ont.

R. K. WILLIAMS
AND ASSOCIATES
Industrial Engineers
Consultants in Business Organization and Management
907 Royal Bank Bldg.
TORONTO
WAverley 3329

Classified Advertisements

Classified ads cost 4c. per word and figure for each insertion. Minimum ad, $1.75. Add five words when box number is required. Classified ads payable in advance.

Situation Wanted

CHARTERED ACCOUNTANT, 29 — at present employed; after 4 years in the bank and 7½ years with two of the leading firms of chartered accountants, desires to make connection where ability and initiative would be recognized in a tangible way; a hard worker; always a leader in studies; any organization with which this man decides to cast his lot will be well repaid by a life-time of loyal and intelligent service. Will go anywhere for the right opportunity. Box 278, The Financial Post, Toronto.

DIVIDEND NOTICES

The Royal Bank of Canada

DIVIDEND NO. 194

NOTICE is hereby given that a dividend of two per cent. (being at the rate of eight per cent. per annum) upon the paid-up capital stock of this bank has been declared for the current quarter and will be payable at the bank and its branches on and after Monday, the second day of March next, to shareholders of record at the close of business on the 31st day of January, 1936.

By order of the Board.

S. G. DOBSON,
General Manager

Montreal, Que., January 14, 1936.

The Guelph Carpet & Worsted Spinning Mills Limited

PREFERRED DIVIDEND No. 27

Notice is hereby given that a dividend of One and Five-eighths per cent (1⅝%), being at the rate of Six and One-half per cent (6½%) per annum, has been declared upon the outstanding 6½% Cumulative Convertible Preferred Shares of The Guelph Carpet & Worsted Spinning Mills Limited, for the Three Months ended January 31, 1936, payable February 1, 1936, to Shareholders of record at the close of business January 20, 1936.

By Order of the Board.

B. F. GRIGGS,
Secretary-Treasurer.

Guelph, Ont., January 16, 1936.

Canadian Industrial Alcohol Company Limited

Notice is hereby given that the Annual Meeting of the Shareholders of CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED will be held at the head office of the Company, Canada Cement Building, Montreal, Canada, on Thursday, the 30th day of January, 1936, at the hour of 2.30 o'clock in the afternoon, for the following purposes, namely:

(a) to receive, and if thought fit, adopt and approve the report of the Directors and Financial Statements of the Company;

(b) to elect Directors for the ensuing year;

(c) to appoint Auditors for the ensuing year and to fix their remuneration;

(d) to transact such other business as may properly be brought before the meeting.

By Order of the Board.

J. GIBSON LAWRENCE,
Secretary.

Montreal, Quebec,
January 15th, 1936.

Canadian Industrial Alcohol Company Limited

Notice is hereby given that a Special General Meeting of the Shareholders of CANADIAN INDUSTRIAL ALCOHOL COMPANY LIMITED, will be held at the head office of the Company, Canada Cement Building, Montreal, Canada, on Thursday, the 30th day of January, 1936, immediately following the Annual Meeting of the Shareholders of the Company which has been called for the hour of 2.30 o'clock in the afternoon of that day, for the purpose of considering and, if deemed expedient, sanctioning Special By-law "B" of the Company, being a By-law to reduce the paid-up capital of the Company represented by the outstanding voting and non-voting shares without nominal or par value of the capital stock of the Company to the sum of $4,853,735.23, which By-law also provides for the making of application to the Secretary of State of Canada for Supplementary Letters Patent confirming the same.

By Order of the Board.

J. GIBSON LAWRENCE,
Secretary.

Montreal, Quebec,
January 15th, 1936.

NOTICES

The Dominion Bank

Notice is hereby given that the Annual General Meeting of the Shareholders will be held at the Head Office of the Bank in Toronto on Wednesday, 29th January, 1936, at the hour of 2.30 o'clock in the afternoon.

By Order of the Board.

DUDLEY DAWSON,
General Manager.

Toronto, 12th December, 1935.

DIVIDEND NOTICES

Loblaw Groceterias Co. Limited

NOTICE is hereby given that quarterly dividends of 25 cents per share on the Class "A" shares and 25 cents per share on the Class "B" shares of the Company have been declared for the quarter ending February 29, 1936, payable on the 2nd day of March, 1936, to shareholders of record at the close of business on the 14th day of February, 1936. Payment will be made in Canadian Funds.

By Order of the Board,

D. URQUHART,
Secretary.

Toronto, January 18, 1936.

Quebec Power Company

NOTICE is hereby given that a dividend of Twenty-five cents (25c) per share has been declared on the no par value common shares of the Company for the quarter ended December 31st, 1935, payable February 15th, 1936, to shareholders of record January 24th, 1936.

By order of the Board.

JAMES WILSON,
Secretary.

Montreal, Jan. 20, 1936.

Dominion Bridge Company, Limited

DIVIDEND NOTICE

A Dividend of THIRTY CENTS (30c) per Share has been declared on the No Par Value Shares of this Company for the Quarter ending 31st January, 1936, payable 15th February, 1936, to Shareholders of record at the close of business on the 31st January, 1936.

By Order of the Board.

F. W. EVENS,
Secretary.

Montreal, Que.,
21st January, 1936.

Simpsons, Limited

Preference Dividend No. 17

Notice is hereby given that a Dividend of One Dollar per share on the outstanding paid up six and one-half per cent Cumulative Preference Shares of the Company has been declared payable on February 1, 1936, to shareholders of record at the close of business on the twenty-fifth day of January, 1936. The transfer books will not be closed.

FRANK HAY,
Secretary.

Toronto, January 17, 1936.

The Canadian Bank of Commerce

Dividend No. 196

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 29th February, 1936, and that the same will be payable at the Bank and its Branches on and after Monday, 2nd March next, to shareholders of record at the close of business on the 31st January, 1936. The Transfer Books will not be closed.

By Order of the Board,

S. H. LOGAN,
General Manager.

Toronto, 17th January, 1936.

Anglo-Canadian Telephone Company

Preferred Dividend Notice

Notice is hereby given that a dividend of One and Three-quarters Per Cent (1¾%) has been declared on the 7% Cumulative Preferred Stock of the Company for the Quarter ending January 31, 1936, payable February 1, 1936, to Stockholders of record at the close of business on January 20, 1936.

By Order of the Board.

GEOFFREY PURDY,
Secretary.

Montreal, January 17, 1936.

The Bank of Toronto

Dividend No. 218

Notice is hereby given that a **Dividend of Two and One-Half** per cent upon the Paid-Up Capital Stock of this bank has been declared for the current quarter, and the same will be payable at the bank and its branches on and after the second day of March next, to shareholders of record on February fifteenth, 1936.

By Order of the Board.

H. B. HENWOOD,
General Manager.

CANADIAN NATIONAL RAILWAYS

CANADIAN NATIONAL RAILWAYS

One hundred years ago construction began on the Champlain and St. Lawrence Railroad, from Laprairie, near Montreal, to St. Johns, 16 miles distant on the Richelieu River.

In 1852 the pioneer was absorbed by the Grand Trunk Railway, which, in turn, was absorbed on January 30, 1923, by the Canadian National Railways.

The Canadian National Railways of today operates 24,000 miles of line. From the pigmy wood-burning engine, the Dorchester, and a few carriage-like coaches, operating on a few miles of strap-iron track, has grown the tremendous network of lines over the Dominion, a vast telegraph mileage, a chain of modern hotels, an express service covering the Dominion, and a fleet of passenger and freight vessels linking Canada with the West Indies and the Antipodes.

This company advertises in—

Maclean's
Canada's National Magazine

Week In Wheat

Market Grows Stronger

* * * *

Europe Reserves Shrink

From Our Own Correspondent

WINNIPEG.—Recent weeks have seen an unchanged, but somewhat more deeply etched, pattern in the wheat market. With comparatively slight price changes the market appears to be gaining in strength.

* * * *

Canada continues to sell considerable quantities of wheat for forward shipment. Every week increases the volume of bookings definitely by British and by Continental millers. It seems inevitable that before long this forward business will be reflected in much larger weekly shipments from Canada. But the time of actual improvement is slow to arrive.

* * * *

In the meantime wheat reserves in Great Britain, on the Continent and in transit are being reduced to low levels. All authorities agree that within a short time large quantities of Canadian wheat are going to be required, but the market will feel much better when such wheat gets afloat, gets into the process of milling, and starts being consumed.

Carry-over

CALCULATIONS as to the probable carryover of Canadian wheat at the end of the current crop year are being made. These are usually on the basis of something approximating 100 million bushels. Formerly it was thought that the carryover would consist largely of feed and other low-grade wheat. Rather surprisingly, however the demand for lower grades has been relatively more pronounced. The price differential of course is the attraction.

* * *

U. S. Demand

DEMAND in the United States for Canadian wheat continues in substantial volume. The decision of the United States Supreme Court abolishing the processing tax is to some extent an adverse influence. That tax, applied to all wheat, whether low or high in grade, constituted a differential factor in favor of high quality wheat, and tended, to the extent of perhaps 5 or 10 cents a bushel, to offset the deterring effect of the 42 cent duty on Canadian imports. Without the tax millers will be somewhat more willing to employ the rusted and shrunken wheat produced in the hard wheat area of the northwestern states in 1935. On the other hand it is hoped that flour buyers relieved of the tax will show some disposition to accumulate flour stocks, which have lately been reduced to extremely low levels.

* * *

Argentine Off

ARGENTINE shipments of wheat are low, and forward sales very small. The Grain Board there seems to be in no hurry to make forward sales, and seems to be facing with equanimity the prospect of having to buy the major portion of the wheat crop at the new minimum price of 10 pesos a quintal. Instead the authorities are worrying over disposing of large surpluses of corn, while a comparatively favorable market exists. To such an extent is wheat selling being neglected that Brazil, which usually buys practically all of her wheat from Argentina, has lately been making some purchases of Canadian.

* * *

Australia

AUSTRALIA is disposing of substantial quantities of wheat, much more than usual to the Continental market, where it is replacing to some extent Argentine supplies of former years. But Liverpool has been noting that a considerable volume of Australian wheat has lately been going to the Orient.

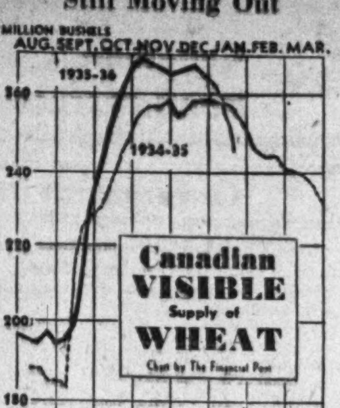
* * *

European Crops

It is much too soon to have any very clear idea of European wheat production in 1936. But some alarm evidently prevails over crop conditions in France and also in the Danubian countries.

While drought is the chief enemy of crop production in Western Canada, Europe usually has sufficient rainfall, and what is usually feared is too much rain. Europe has had a succession of good harvests, and it would not be out of the expected course of things for production in 1936 to fall below average.

Still Moving Out



Wheat continues to move out of Canada. The rate as revealed by the official figures of wheat in store, however, does not indicate the real volume of selling that has taken place at Winnipeg in recent weeks, it is understood. Last week Canada's visible was estimated at 252,272,000 bushels as compared with 256,928,000 bushels for the week previous.

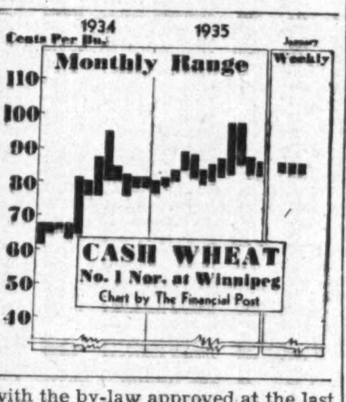
Acreage But Not Quality Reduced in the Argentine

What really happened to the Argentine wheat crop this year is now indicated in figures released by Broomhall. According to this authority, the acreage seeded in the Argentine was 14,202,000. That harvested, however, amounted to 11,907,000, the loss being 2,295,000 acres.

This enormous abandonment of acreage accounts for the small grain production this year. It was the result largely of unfavorable weather conditions. A large percentage of the crop apparently failed to germinate properly, and further losses occurred through mid-season drought.

It is said, however, that the quality of the grain actually harvested is quite good.

The Argentine government decreed that farmers who sold wheat before December 13, 1935, were entitled to collect the official price. Therefore, buyers are obliged to pay ten pesos for wheat per hundred kilos. Reports say that shippers cannot buy at these prices and compete in the world's export market, and even Brazil has had to buy in Canada.



Scant Possibility Is Seen $8 Million Pool Bonus

Legal Aspects of Much Discussed Wheat Disbursement May Bar Realization of Producers' Hopes; Money Not in Existence; Misunderstanding of Pre-election Promises Seen

From Our Own Correspondent

WINNIPEG.—Among the earliest questions to be asked when parliament meets will be one that has come to be known as the "mystery of the eight millions," or the payment which just before elections was announced as due to be made to members of the wheat pool.

The payment was in relation to wheat and contracts for wheat formerly carried by the pool selling agency which have been taken over by the Canadian Wheat Board.

During the Assiniboia by-election information was made public which renders doubtful not only whether such payment will be made, but also whether it ever could have been made.

Auditors have been at work on wheat pool accounts, and what the auditors may report to the government is not known, but on the record now made public it is freely predicted that no payment can be made.

Power Under The Act

Under the Wheat Board Act the Wheat Board was empowered to acquire from Canadian Co-operative Wheat Producers all wheat or contracts for wheat in respect to which the government had given a guarantee.

Approximately this amounted to 235 million bushels. On October 8, Canadian Co-operative Wheat Producers made a formal offer in writing to the Wheat Board, which was formally accepted the same day by the board. The two communications were embodied in an order-in-council passed October 10

Ostensibly the order-in-council approved the proposed transaction, the effective words being as follows:

"His Excellency . . . is pleased to approve the terms of acquisition set out in the aforesaid letters, and they are hereby approved accordingly, subject to the amount referred to in paragraph (b) page two hereof being verified by Auditors' Certificates."

The paragraph is part of the letter from Canadian Co-operative Wheat Producers. That letter, after specifying that the pool's obligations to the banks in respect to wheat and contracts were to be assumed by the board stipulated:

"(b) The Canadian Wheat Board will pay to the Canadian Co-operative Wheat Producers Limited the sum of $8,262,415.37 being the sum total of balance due to the primary producers, and expenses and other charges in connection with the holding and handling of the wheat."

"Primary Producers"

The joker lies in those words "due to the primary producers." Had the words following the amount been omitted, the letter and the reply would have constituted an agreement for a definite sum.

But all that can be due to primary producers under their pool contracts is an equitable share of the proceeds of the sale of their grain, along with that of other members.

The amount due to them has to be determined on the basis of what their grain sells for, and there is no way of establishing the amount it should sell for on the basis of what may be sold.

No Specified Sum

Such difficulties might have been overcome had the order-in-council passed approved payment of a specific sum.

But it approved the transaction subject to the amount in question being verified by auditors, and there would seem to be no way in which auditors could possibly find that, or any sum, being definitely due to the primary producers, until actual sale of grain should be completed.

In some parts of the West there is apparently a belief that in existence somewhere is a sum of over $8 millions, which only requires auditing to be available for distribution. Actually, of course, there is no corresponding sum anywhere.

In the meantime, to distribute something over $8 millions to pool farmers, it would be necessary first to find the money. It could be found only by the Dominion government, either by a direct parliamentary appropriation, or by guaranteed bank borrowings to cover which an appropriation would later become necessary.

Audit is Barrier

The immediate bar to such action is the fact that an auditors' certificate that an amount is actually due is required before money can be paid under the existing order-in-council. It is assumed that auditors cannot possibly give such a certificate. It would be difficult to move the present Minister of Finance to any step not absolutely necessary, which would add something over $8 millions to the public debt.

It might be even more difficult if the money were required to meet what has been regarded as an improper pre-election promise.

It would seem practically impossible to get it to cover what now appears to have been a misunderstanding of a pre-election promise.

Seed Relief Costs Way Down in Sask.

From Our Own Correspondent

REGINA.—Farmers of Saskatchewan are better off entering the 1936 seeding period than they have been for three or four years. Estimates by the government for the amount of relief cash necessary to obtain seed and finance seeding for farmers affected seriously by last summer's rust and drought reach the low figure of $4 millions compared with last year's $12 millions.

In this amount will be included costs of freight for hauling feed and seed, oil, gasoline and some, but not many, machinery repairs. Last year's crop left most farmers better off than for two or three years. Those requiring relief next spring are situated in the southeastern rust region and the drought territory along the Alberta-Saskatchewan boundary.

Winnipeg Grain Prices

Week to Jan. 21, 1936

Crop year from Aug. 1, 1935 High	Low		Open Jan. 15	High for week	Low for week	Close Jan. 21
		Wheat				
1.02¼	.85⅜	May	.87⅞	.88⅜	.87⅜	.88
.92⅞	.86½	July	.88¼	.89¼	.87⅛	.88½
.89	.86⅝	Oct.	.87¼	.88⅜	.86⅝	.87¼
		Oats				
.35⅝	.29⅝	May	.32⅜	.32⅝	.32	.32⅜
.33⅜	.30	July	.32⅝	.32¾	.32⅛	.32⅝
		Barley				
.42½	.34⅜	May	.37⅜	.38⅛	.37	.37⅞
.40	.35⅝	July	.....	.38¾	.37¾	.38½
		Flax				
1.65	1.33	May	1.63¾	1.63¾	1.61⅛	1.61⅛
1.63	1.40¼	July	.....	1.60¾	1.59½	1.59½
		Rye				
.51⅛	.41¼	May	.45⅜	.46⅛	.44¾	.45¾
.48½	.43⅛	July	.46¼	.47⅛	.45⅝	.46⅝

Company Earnings

Sarnia Bridge

Sarnia Bridge Co. reports net profit after all charges, including $16,793 for depreciation, at $2,083 for the year ended December 31, 1935. This reduces the deficit account carried forward from the previous year to $78,394. For 1934 Sarnia Bridge reported a net loss of $873, when no depreciation was charged, and a net loss of $28,494 in 1933, in which year also no deduction for depreciation was made.

In the balance sheet, current assets are up from $51,906 to $64,234, while current liabilities are down about $6,000 to $10,719, the net result being an increase in working capital from $35,578 to $53,515. Bank loans, which amount to $7,000 at the end of 1934, were paid off during the year.

Can. Industrial Alcohol

An increase in earnings, improvement in net working capital position, and liquidation of over $1.1 millions in bank loans during the year, feature the financial statement of Canadian Industrial Alcohol Co. for the year ended December 30, 1935.

During the year the company entered into contract with the Schenley Products Co., of New York, under which that company undertakes to take delivery of and pay for 300,000 gallons of whisky before December 31, 1935. It has been accorded the right, at its option, to purchase, during the next two years, up to 2.7 million additional gallons.

An arrangement was made with Olde Tyme Distillers Corp. under which the company acquired 187,500 shares of that corporation, together with their note in exchange for 1,024,000 American gallons of whisky.

Would Give Control

Alcohol has the option of exchanging the note for a further block of 113,500 shares which, exercised, would give the company stock control of Olde Tyme Distillers.

A feature of this transaction is an option given by Alcohol on 50,000 shares of the company's C stock at $4 a share to Finmore Corp., which is owned by the chief stockholders of Olde Tyme Distillers.

A further contract with Distilled Liquors Corp., New York, under the terms of which Alcohol acquired 23,750 shares of the stock of that company in exchange for 100,000 American proof gallons of whisky, together with the brand name "William Penn."

The balance sheet, at December 30, 1935, shows bank loans of $1.1 million liquidated during the year, while an over-draft of $8,860 was also cleaned up. There was a small reduction in the outstanding McNish debentures, which now total $4,038,165.

Profit and Loss Account
—Year Ended Sept. 30—

	1935 $	1934 $
Operating profit	905,690	439,871
Divs. on investment	1,762	676
Total income	907,453	440,548
Deduct:		
Bank loan interest	63,074	96,197
Execut. salaries	71,135	......
Directors' fees	......	833
*Direct. fees (McN)	2,573	1,506
Legal expenses	14,472	......
†Maintenance	93,745	98,649
Non-oper. overhead	10,699	42,665
‡Int. on debentures	244,011	245,003
Deprec. provision	161,617	382,538
Tax provision	50,000	10,000
Bad debt provision	......	31,505
§Amount writt. off	......	5,031
¶Invest. writt. down	......	49,301
Add. invent. res.	......	36,090
Balance	196,121	x558,775
Exch. adjustment	31,815	246
Year's profit	227,937	z558,529

*Robert McNish and Co.
†Of stocks of spirits.
‡Of Robert McNish and Co.
§Amount due from and shares in Robert McNish and Co. (Australia).
¶Investment in Alexander McDougall and Co., Ltd.
xDeficit
zLoss for year.

Deficit Account

Consolidated statement of deficit account follows:

—Year Ended September 30—

	1935 $	1934 $
Defic. ior	7,104,352	5,927,976
Adjustments	*640,258	†462,484
Written off	......	332,458
Trans. from res.	......	177,096
Year's loss	......	558,529
Year's profit	227,937	.....
Balance	6,236,157	7,104,351
‡Reserve	100,000	.....
Defic. bal.	6,336,157	7,104,351

*Deduct.
†Add.
‡Amount reserved for commissions in dispute.

Working Capital

Working capital position compares as follows:

—Year Ended September 30—

	1935 $	1934 $
Current assets	7,099,256	7,510,798
Current liabilities	571,429	1,572,752
Working capital	6,527,827	5,938,046

Charles Gurd and Co.

Moderate improvement in earnings during 1935, compared with the preceding twelve months, is reported by Charles Gurd & Co. After taking care of depreciation and other senior charges, as well as dividends on the preferred stock, there was a balance of $11,079, which is equal to 18 cents a share on the common stock.

The maritime unit, whose accounts are not incorporated with those of the parent company, showed improvement over 1934, with a slightly better than balanced budget. The Toronto venture—Charles Gurd & Co. (Ontario)—is reported by the management to be encouraging. It was established only a few months ago, so that sufficient time has not elapsed to determine earning power.

The balance sheet shows a further improvement in net working capital, while goodwill and other intangible assets have been written down from $250,000 to $125,000 in accordance with the by-law approved at the last annual meeting.

Particulars of the profit and loss accounts for the past two years follow:

Profit and Loss Account

	1935 $	1934 $
Operating profit	140,877	......
Less: Taxes & licenses.	56,795	......
Depreciation	32,201	......
Exec. salaries	16,600	......
Directors' fees	280	......
Legal fees	145	......
Income tax	5,577	......
Net profit	29,279	18,076
Less: Pfd. dividends	18,200	13,650
Surplus	11,079	4,426
Previous balance	209,188	204,762
Carried forward	220,267	209,188

Gypsum, Lime

Gypsum, Lime and Alabastine (Canada) reports a deficit in the fiscal year ended November 30, 1935, after bond interest, depreciation and depletion of $48,074. This compares with $116,534 on the same basis in the previous year, an improvement of roughly $70,000 in returns.

There was some improvement in demand for the company's products last year, but sales continued below normal. The balance sheet reflects the changes brought about by the writing down in the value of fixed assets, land, goodwill, etc., through a reduction in the value of issued capital from about $6.2 millions to $2.2 millions.

Following is a comparative income account for the past two years:

Income and Deficit Account
Years Ended Nov. 30

	1935 $	1934 $
Manufacturing profits..	723,704	......
Net oper. profits	356,489	300,481
Depreciation	167,944	180,946
Depletion	7,333	6,787
Available for bond int.	181,211	112,747
Bond interest	227,319	229,281
Deficit after bond int...	46,108	116,534
Working Capital Position		
Current assets	850,482	790,300
Current liabilities	190,365	170,603
Working capital	660,117	619,697

Can. Gen. Investments

Profits of Canadian General Investments Ltd. showed improvement in 1935, net income for the year being equivalent to 46 cents a share as against 40 cents a share in 1934.

The net value of the company's assets again increased substantially. At the end of 1935, net assets, with investments valued at conservative market quotations, amounted to $6,335,501, compared with $5,384,288 at the end of 1934. This is an appreciation of 17.67 per cent. While on a percentage basis, the appreciation in 1935 was not as great as during the two preceding years, the aggregate of appreciation was only slightly below the 1934 figure.

As a result of changes in the portfolio of investments, profit of $244,643 was realized on securities sold. This was added to capital surplus distributable account, which stands at $2,243,734.

Profit and Loss and Surplus Account
For Years Ended Dec. 31

	1935 $	1934 $
Inc. from invest.	318,519	289,948
Other income	996	1,254
Total income	319,515	291,202
Less: Int. on loans	619	11,315
Management fee	25,000	25,000
Miscellaneous	2,333	2,467
Income tax reserve.	13,999	10,823
Net income	277,564	241,597
Less appropriations:		
Dividends	240,235	240,122
Surplus for year	37,329	1,475
Add: Prev. surplus	62,247	60,772
Balance forward	99,576	62,247

ROSEDALE GOLD MINES LIMITED
(No Personal Liability)
DIVIDEND NOTICE
NOTICE is hereby given that a dividend of 1% on the issued capital stock of Rosedale Gold Mines, Limited, has been declared, payable February 1, 1936 to shareholders of record January 28, 1936. Dividend cheques will be issued by the Disbursing Agents, Prudential Trust Company, Limited.
On behalf of the Board,
A. RITCHIE,
Secretary.

Wheat Prices

(Cash Quotations)

At Winnipeg:	For week Jan. 21 High $	Low $	Prev. week High $	Low $
1 Man. Hard	.86¼	.85¼	.86⅜	.85½
1 Northern	.85⅛	.84⅛	.85¼	.84⅜
2 Northern	.83⅛	.81¾	.82⅞	.82
3 Northern	.79¼	.78	.79⅛	.78¼
4 Northern	.76½	.75¼	.76⅜	.75
5 Wheat	.68¼	.67	.68⅛	.66¾
6 Wheat	.59¾	.58½	.60⅛	.58¾
Feed Wheat	.50	.49	.50⅜	.49¼
Vancouver: Week to Jan. 16:				
1 Northern	.87⅛	.86½	.88	.87

Competitive Export Prices:
(January) shipment:

	High Week to Jan. 18 $	Low $
No. 1 North. (Vanc.)	1.07	1.05⅜
No. 2 North. (Atlan.)	1.01⅛	0.99⅞
No. 2 North. (Vanc.)	1.05	1.03½
Argentine Rosafe*	unquoted	
Do., Barusso*	unquoted	
Australian	0.99¼	0.96⅞
Australian (March)	0.97⅜	0.95⅜
French	0.82⅜	0.81⅛

*New crop, shipment Jan.-Feb.

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Toronto, 4 Million Bushels
Sarnia, 3 Million Bushels
The most modern facilities for the storage and transfer of grains, for grain conditioning, and for the production of Master feeds for Livestock and Poultry. "Master" feeds are endorsed and recommended by leaders in the livestock industry of Canada.
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423 COUNTRY ELEVATORS THROUGHOUT THE WEST
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LOCATED AT FORT WILLIAM ON C.N.R. & C.P.R. ELEVATOR ABSOLUTELY FIREPROOF THROUGHOUT. OPERATED BY ELECTRICITY — CAPACITY 5,750,000 BUS.
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Terminal Elevator at Port Arthur
(Capacity 3,500,000 bushels)
Over 200 Elevators in Western Canada
WINNIPEG MONTREAL VANCOUVER CALGARY EDMONTON MOOSE JAW SASKATOON REGINA KINGSTON TORONTO
JAMES RICHARDSON & SONS Limited

Quotations

Montreal, Toronto Listed and Curb Prices

WEEK ENDING JANUARY 20

Range 1935-36 High Low	Divd. Rate	Y'ld $ in % Jan. 18		Sales	Close Jan. 13 or (last)	Week Ending Jan. 20 High Low Close
[illegible]						

Canadian Bond Markets

Government Bonds

(Furnished by Toronto Bond Traders' Assoc.)

January 22, 1936

Dominion of Canada Bonds

			Bid Jan. 22	Asked Jan. 22	Approx. Yield	Bid Jan. 15
Dominion .. 2	15 Oct.	1936	100.15	100.75	.97	100.15
Dominion .. 5	15 Nov.	1936	102.25	103.25	.98	102.25
†‡Dominion .. 5	1 Mar.	1937	104.25	105.25	.24	104.25
‡Dominion .. 5½	1 Dec.	1937	107.50	108.50	.87	107.25
Dominion .. 2½	15 Oct.	1939	101.50	102.50	1.84	101.25
Dominion .. 4	15 Oct.	1939	106.50	107.50	1.92	106.00
Dominion .. 2	15 Nov.	1939	100.25	101.25	1.65	99.85
Dominion .. 4½	1 Sept.	1940	109.00	110.00	2.22	109.00
Dominion .. 5	15 Nov.	1941	111.25	112.25	2.71	110.50
Dominion .. 3	15 Oct.	1942	103.75	104.75	2.24	103.25
Dominion .. 2½	1 June	1943	101.25	102.25	2.17	100.75
Dominion .. 5	15 Oct.	1943	112.25	113.25	3.06	111.50
Dominion .. 4½	15 Oct.	1944	110.25	111.25	3.02	109.50
Dominion .. 2½	15 Aug.	'43-45	96.75	97.75	2.77	....
Dominion .. 4	15 Oct.	'43-45	106.75	107.75	2.87▲	106.00
Dominion .. 4½	1 Feb.	1946	110.25	111.25	3.17	109.35
Dominion .. 3½	15 Oct.	'44-49	103.00	104.00	2.98▲	102.65
Dominion .. 4	15 Oct.	'47-52	105.85	106.85	3.31▲	104.85
Dominion .. 3	1 June	'50-55	98.00	99.00	3.07	97.50
Dominion .. 4½	1 Nov.	'46-56	107.50	108.50	3.56▲	106.85
Dominion .. 4½	1 Nov.	'47-57	107.50	108.50	3.62▲	106.85
Dominion .. 4½	1 Nov.	'48-58	107.75	108.75	3.65▲	107.15
Dominion .. 4½	1 Nov.	'49-59	107.85	108.85	3.68▲	107.25
Dominion .. 3¼	15 Jan.	'56-61	97.50	98.50	3.34	....

Dominion Guaranteed Bonds

*G. T. P. Ry. 3	1 Jan.	1962	97.50	98.50	3.08	97.50
Can. N. Ry. 3	1 May	1944	102.25	103.25	2.56	101.50
Can. N. Ry. 3	15 Dec.	'45-50	98.25	99.25	3.06	97.75
*Can. N. Ry. 4½	1 Sept.	1951	111.00	112.00	3.51	110.50
*Can. N. Ry. 4½	1 Feb.	1956	111.25	112.25	3.64	110.50
†Can. N. Ry. 4½	1 July	1957	109.25	110.25	3.80	108.75
*Can. N. Ry. 4¾	15 June	1955	113.75	114.75	3.68	113.00
Can. N. Ry. 5	1 Feb.	1954	113.25	114.25	3.91	113.25
*Can. N. Ry. 5	1 July	1969	114.25	115.25	3.42▲	113.75
*Can. N. Ry. 5	1 Oct.	1969	115.75	116.75	3.73▲	115.25
*M. Harb. C. 5	1 Nov.	1969	115.75	116.75	3.73▲	115.50

Provincial Government Bonds

Eastern—						
†N. Bruns. .. 4½	15 Apr.	1961	107.00	108.00	3.99	106.75
†N. Bruns. .. 5	15 Jan.	1960	112.75	113.75	4.09	112.50
N. Bruns. .. 5½	15 May	1950	112.75	113.75	4.22	112.50
N. Scotia .. 4½	15 May	1943	106.75	107.75	3.30	106.50
†N. Scotia .. 4½	15 Sept.	'47-52	108.00	109.00	3.58▲	107.50
N. Scotia 4½	15 May	1961	108.75	109.75	3.88	108.00
†N. Scotia .. 5	1 Mar.	1960	114.00	115.00	4.03	113.50
*Ontario 4	1 June	1962	101.00	102.00	3.88	100.00
*Ontario 4½	1 Sept.	1944	108.00	109.50	3.24	106.00
Ontario 4½	1 June	1950	104.50	105.50	3.99	103.00
*Ontario 4½	15 Jan.	1962	106.50	107.50	4.03	105.50
Ontario 5	15 Oct.	1948	107.00	108.00	4.19	106.00
*Ontario 5	2 Dec.	1960	113.25	114.25	4.08	112.00
Ontario 5½	1 July	1946	108.50	109.50	4.36	107.50
O. H. C. 3½-4-5	1 Oct.	'33-52	99.50	100.50	2.79▲	99.50
*Ont. Hyd. C 4	1 Aug.	1957	101.50	103.50	3.76	100.00
Ont. Hyd. C. 4¾	1 Jan.	1970	106.00	108.00	4.30	105.00
Quebec 4	15 Mar.	1952	105.50	106.50	3.48	105.25
Quebec 4¼	1 Aug.	1958	108.50	109.50	3.62	108.00
Quebec 4½	2 Jan.	1963	110.25	111.25	3.82	110.00
Western—						
†Alberta ... 4	1 Dec.	1957	88.00	90.00	4.74	83.00
†Alberta ... 4½	1 Oct.	1956	90.50	92.50	5.08	84.00
†Alberta ... 5	1 Jan.	1948	94.00	96.00	5.45	91.00
Alberta ... 5	1 Sept.	1955	93.00	95.00	5.41	89.00
*Alberta ... 5	1 Oct.	1959	94.00	96.00	5.29	91.00
†Alberta ... 5½	1 Jan.	1947	95.50	97.50	5.81	91.00
Alberta ... 6	1 Mar.	1947	96.00	98.00	6.25	91.50
†Brit. Col. .. 4	1 Dec.	1957	94.00	95.50	4.32	92.00
*Brit. Col. .. 4½	15 Jan.	1951	98.00	99.00	4.59	97.50
†Brit. Col. .. 4½	1 Oct.	1953	98.00	99.00	4.57	96.00
†Brit. Col. .. 5	15 Jan.	1948	99.50	100.50	4.94	99.00
Brit. Col. .. 5	1 Sept.	1953	99.50	100.50	4.96	99.00
Brit. Col. .. 5½	1 Feb.	1945	99.50	100.50	5.43	99.00
Brit. Col. .. 6	15 Feb.	1947	100.00	101.00	5.87	100.00
†Manitoba .. 4	1 Dec.	1957	99.00	100.00	4.00	98.00
†Manitoba .. 4½	15 Dec.	1956	102.00	103.00	4.28	100.50
†Manitoba .. 5	15 June	1954	105.00	106.50	4.48	104.00
*Manitoba .. 5	2 Dec.	1959	106.00	108.00	4.45	105.00
Manitoba .. 5½	1 Oct.	1955	105.00	106.50	4.97	103.00
Manitoba .. 6	1 Apr.	1947	107.00	108.00	5.06	105.00
Sask. 4	15 Aug.	1953	91.00	92.00	4.66	87.50
*Sask. 4½	2 July	1945	97.00	98.00	4.76	96.00
†Sask. 4½	1 Oct.	1951	96.50	98.00	4.68	94.00
Sask. 5	1 Aug.	1958	99.50	100.50	4.96	97.00
†Sask. 5½	15 Nov.	1946	100.50	102.00	5.25	99.00
-Sask. 6	15 Mar.	1952	103.50	104.50	5.57	102.00

Municipal Bonds

†Calgary 5½	2 June	1944	82.00	86.00	7.76	82.00
†Edmonton . 5½	1 Nov.	1945	84.00	87.00	7.36	84.00
†Halifax 5	1 July	1961	112.00	113.00	4.17	112.00
Hamilton .. 5	1 May	1950	100.00	104.00	4.61	104.00
Montreal .. 5	1 Mar.	1945	105.00	107.00	4.07	105.00
Ottawa 4½	1 July	1945	105.00	107.50	3.56	105.00
†Quebec 5	1 June	1959	108.00	109.00	4.39	108.00
Regina 5	1 July	1944	85.00	90.00	6.55	85.00
St. John ... 5	15 Dec.	1950	107.50	108.50	4.23	107.50
†Toronto ... 4½	1 Jan.	1955	105.00	106.00	3.90	105.00
Vancouver . 5	1 June	1969	89.00	92.00	5.53	89.00
Victoria ... 5	21 July	1945	94.00	97.00	5.40	94.00
Winnipeg .. 5	1 Mar.	1944	102.00	104.00	4.41	101.00

*Payable Can., N.Y. & £. ▲Calculated to call date giving lowest possible yield. †Payable Can. & N.Y. •Calculated to maturity, although callable prior to that date. ‡Exempt from Dominion income tax.

The Financial Post's Quotations

Although The Financial Post strives to obtain the closest quotations possible on the unlisted stocks and bonds in the various tables on this page, the quotations are not guaranteed and no responsibility is assumed in connection with them. In inactive markets, many quotations can be little more than nominal but it is felt that even a nominal quotation giving an idea of an approximate price is better than none at all.

Mining Stock Quotations

WEEK ENDING JANUARY 20

Par Val.	Range 1935-36 High	Low	Company	Sales	Close Jan. 13 (or last)	High for week	Low for week	Close Jan. 20
[illegible]								

OIL STOCKS

[illegible]

VANCOUVER STOCK EXCHANGE

(Transaction for Week to January 18)

Par Val.	Range 1935-36 High	Low	Company	Sales	Close Jan. 10	High for week	Low for week	Close Jan. 18
[illegible]								

* Quotations for 1934. b New York Quotations. † Quotations for 1933. ‡ Quotations for 1931. No sales recorded in 1935-36 to date. ▲ On account of arrears.

Unlisted Stocks

(Furnished by A. J. Pattison, Jr. & Co., Toronto)

January 21, 1936

	Bid	Asked
Industrial Stocks:		
Acadia Sugar, c.	3.70	4.15
Do., pfd.	4.85	5.15
Acme Farmers Dairy, p.	35.00	40.00
Algoma Steel New, c.	40.50	42.00
Do., new, pfd.	56.00	63.00
Andian National	48.00	49.50
B. C. Pulp & Paper, com.	.75	1.50
Do., pfd.	10.50	13.00
Burns & Co., A	13.50	15.00
Do., B	7.75	8.50
Canada Starch, com.	16.50	..
Do., pfd.	89.00	...
Canada Tea, pfd.	35.00	40.00
Can. Tube, 1st pfd.	43.00	...
Can. Industries A, com.	234.00	...
Do., B, com.	233.00	...
Do., pfd.	159.00	163.00
Can. Westinghouse	64.75	68.00
Chase, A. W., pfd. bonus	25.00	27.00
Dom. Found. & St. c. (New)	32.50	...
Do., pfd. (New)	93.00	97.00
Dunlop Tire, pfd.	51.00	...
East. Dairies, pfd.	13.00	16.50
Edm. C. Dairy, pfd.	58.00	...
Federal Grain, com.	6.00	7.00
Do., pfd.	59.00	61.00
Goderich Elevator	8.50	9.50
Greening Wire, pfd.	102.75	105.00
Guelph Carpet, pfd.	102.50	103.50
Do., com.	16.25	18.00
Highland Dairy, com.	2.25	3.25
Do., pfd.	76.00	80.00
Morrow Screw, pfd.	93.50	...
Industrial Accept., A	14.50	16.00
New Meth. Laund. pfd. bon.	75.50	...
Provincial Paper, pfd.	100.75	102.00
Reliance Grain, pfd.	90.00	92.50
Rob. Cons. Cone	9.75	10.50
Ruddy, E. L., pfd.	31.50	...
Silverwood's Dairies, pfd.	42.00	...
Std. Fuel, pfd. bonus	105.50	107.50
Supertest Pet. B, pfd.	27.75	29.00
Toronto Carpet, pfd.	31.50	36.00
United Steel, A, pfd.	5.00	6.50
West. Grain, pfd. bonus	22.00	24.00
Willards Choco., pfd.	9.00	...
Trust & Loan Stocks:		
Chartered Trust	78.00	82.00
London & West. Trust	41.50	...
Premier Trust	92.00	...
Sterling Trust	31.00	...
Traders Finance, B, pfd.	70.00	...
Trusts & Guarantee	30.50	33.00
Insurance Stocks:		
British America	36.50	38.50
Canada Life	508.00	518.00
Canadian Fire	75.00	...
Can. Ins. Shares, com.	11.00	13.00
Confed. Life, 20% pd.	115.00	120.00
Cont. Life, 20% pd.	36.50	40.00
Crown Life	111.00%	...
Dominion Fire	115.00	...
Dominion Life, 50% pd.	265.00	300.00
Dom. of Can. Gen.	91.00	...
Empire Life, 25% pd.	6.75	8.25
Excelsior Life, 30% pd.	69.00	74.00
Federal Fire, 25% pd.	38.00	...
Fidelity of Can.	46.00	50.00
Great West Life	386.00	395.00
Guar. of N. A. fully pd.	246.00	...
Halifax Fire	21.00	22.00
Imperial Life	337.00	...
Manufacturers Life	256.00	261.00
Monarch Life, 10% pd.	18.00	20.00
National Life, 25% pd.	50.00	57.00
Sovereign Life, 25% pd.	15.00	17.00
Sun Life	455.00	465.00
Toronto General	4.85	5.25
Western Assur., com.	36.00	38.50
Do., pfd.	39.50	41.00
Theatre Stocks:		
Allens Beach, pfd.	58.50	...
Do., Calgary, com.	7.00	9.00
Do., Kingston, pfd.	53.00	...
Do., Parkdale, pfd.	43.00	47.00
Do., Toronto, 7% pfd., b. c.	31.00	35.00
Loew's London, pfd.	1.95	2.25
Mansfield Theatre, pfd.	30.00	...
Para. Kitchener, pfd.	30.50	35.00
Do., Oshawa, pfd.	65.50	...
United Amusement, A	15.00	...
Do., B	14.00	...
Investment Trust Shares:		
Can. Gen. Invest.	8.00	8.20
Can. Investors	7.50	8.50
Can. Int. Trust Units	35.50	...
Cons. Div. Std. Sec. Units	11.50	...
Debenture & Sec., pfd.	38.00	...
Dom. Scott. Invest. Units	28.00	30.00
For. Power Sec., pfd.	10.50	12.00
Invest. Found. Units	49.00	51.00
Sec. Holding Units	16.00	...
United Corpns., A	21.75	23.00
Do., B	8.00	8.50
Power Issues:		
Can. Pub. Service, pfd.	28.50	...
Can. West. Nat. Gas, pfd.	94.50	97.00
Do., com.	24.00	...
Great Lakes Pwr., pfd.	81.50	...
N. B. Telephone, com.	10.00	12.00
Nor. Ont. Power, pfd.	99.00	101.00
Nova Scotia L&P, pfd.	100.50	102.00

Recent London Quotations:

British Columbia Tele., pfd.	$105
Brewers & Distillers	5s. 4½d.
Canada Company	7s. 6d.
Canadian & Foreign Securities	4s.
Canadian Collieries, $1 c.	1½d.
Do., pref., $10	4½d.
Canada N. W. Land	10s.
Canadian Western Lumber	1s. 6d.
Third Can. Gen. Inv.	6s. 6d.
Hudson's Bay	20s. 9d.
Do., pref.	103s. 9d.

Unlisted Mines

January 21, 1936

	Bid	Asked
Arntfield Syndicate	.90	.95
Athona (Gt. B. L.)	.49	.52
Bidgood Kirkland	.33	.35
Bankfield Gold	.34	.36
Bathurst	.00½	.01½
Bosquet Gold	.10	.11
Can. Pandora	.06½	.07½
Casey Summit	.13	.15
Canusa Mining	..	.09
Casey Contact	.02	.03
Central Porcupine	.20	.22
Cons. Chib. Free	2.05	2.15
Cons. Chib. Pool	1.93	1.99
Cuniptau	.18	.20
El Bonanza	.08	.09
Forty-Four Gold	4.25	5.00
Glenora Gold	.09	.11
Galatea	.07½	.08½
Goldside	.03	.04
Gold Eagle	.27	.30
Greenlaw	.04½	.05½
Hudson Patricia	.17	.19
Jellicoe	.05	.06
Johnson Nipigon	..	.02
Kirk. Gold Belt	.07	.08
Knee Lake	..	.05
Lafayette L. Lac	.04½	.05
La Palme	.45	..
La Roche	.18	.20
Long Lac Lagoon	.04	.05
Lamaque Gold	3.60	3.70
Leitch Gold	.38	.40
MacL. Cockshutt	.04	.05
Magnet Lake	.03½	.04
Marbuan	.75	.80
Matachewan Can.	.16	.18
McCarthy Webb	.05½	.06½
Mosher	.02½	.03½
North Shores	.02	.03
Oklend	.29	.30
O'Leary	.09	.10
Omega	.75	.77
Opemiska	1.67	1.72
Rice Lake	.03½	.05
Shawkey	.74	.76
Shinin Tree	.28	.30
Sladen	.38	.40
Slave Lake	.63	.68
Smelter Gold	.05	.07
South Keora	.07½	.08½
Smith Cobalt	.07	.09
Springer	.07	.09
Straw L. Beach	.07	.09
Sturgeon R. Gold	..	.53
Thom.-Cadillac	.03½	.05
Wells Long Lac	.08	.10
Wingold	.07½	.09
Wendigo	.14	.16
Young Davidson	.18	.19½

Mining Dividends

	Rate	Close Jan. 20	Yield %
Anglo-Huronian	20c	4.25	..
Buff. Ankerite	20c	4.75	4.2
Bulolo Gold	2.60	32.00	8.1
Cariboo	10c	1.20	8.3
Coniagas†	12½c	2.90	..
Cons. Smelters	$2.50+$4	210.00	..
Dome Mines	$2+$2	46.00	8.7•
Falconbridge	30c	7.10	4.2
Hollinger	65c+25c	15.25	5.9•
Howey Gold	5c	.67	..
Hudson Bay	$1	24.25	4.1
Int. Coal & Coke‡	1c	.15	..
Inter. Mining	60+5	13.35	4.9•
Int. Nickel, c.	$1	45.50	2.2
Kirk. Lake‡	3c	.49	..
Lake Shore	$2+$2	54.50	7.3•
Macassa	15c	3.42	4.4
McIntyre	$2	44.75	4.5
McKinley Sec.	5c	.55	..
McWatters Gold†	5c	1.45	..
Mill City Pete.†	5c	.15	..
Nipissing	25c	2.75	..
Noranda	$2	46.50	4.3
Nor. Canada†	2c	.29	..
Premier	12c+1c	1.80	7.2•
Pioneer, B.C.	80c	10.95	7.3
Reno	12c+2c	1.08	12.9•
San Antonio	21c	3.20	6.5
Siscoe	20c+3c	3.05	7.5•
So. Amer. Gold	30c	4.75	6.3
Sunshine	50c	20.25	..
Sylvanite	20c	2.47	8.1
Teck-Hughes	40c	5.05	7.9
Toburn	8c	1.32	6.1
Wright-Har.	40c+20c	7.95	7.5•
Ymir Yankee†	2c	.45	..

‡Interim. †Initial. •Yield includes bonus.

Corporation Bonds

(Furnished by Toronto Bond Traders' Assoc.)

January 21, 1936

Public Utility Issues:	Int. Rate %	Due	Bid Jan. 21	Asked Jan. 21	Bid Jan. 14
‡Avalon 'Phone.	5½	'48	101	...	101
Beauharnois ..	5½	'73	80	83	82
Beauharnois ..	5	'73	26½	29½	28
*Bell T'phone ..	5	'55	114½	117½	114
*Do.	5	'57	117	120	116
†B. C. Power ...	5	'60	102½	105	102½
†Do.	5½	'60	104	106½	104
†B. C. T'phone..	5	'60	106½	108½	106½
†Calgary Pwr. ..	5	'60	100	103	101
Do.	5	'64	97½	100½	97½
†Can. Nor. Pr. ..	5	'53	102½	105	102½
†Cedars Rapids.	5	'53	112	115	112
Dom. Gas	6½	'45	86	89	86
§Duke-Price Pr.	6	'66	105	107	104
*Gatineau Pwr..	5	'56	93	95½	93
*Do., A	6	'41	83	86	84
*Do., B	6	'41	82	85	83½
*Int'l. Hydro ...	6	'44	50½	53½	49½
†Maclaren-Que..	5½	'61	79½	82½	78½
Do.	5½	'64	78½	81½	77½
*Manitoba Pwr.	5½	'51	77	80	77
†Mtl. Island Pr..	5½	'57	104½	106½	104½
†Montreal Pwr..	3½	'56	98½	...	...
†Montr'l Tram..	5	'55	86½	89½	86½
†Do.	4½	'55	83	86	81½
†Do.	5	'41	102½	105	102½
Nat'l. L. & P. .	6	'49	98	102	98
*N. B. Power ..	5	'37	91½	...	91
†N. S. L. & Pr...	5	'58	103½	..	103
†Ottawa Light..	5	'57	105½	108	105½
†Ottawa Val. Pr.	5½	'70	89½	92½	91
†Power Corp. ..	4½	'50	...	...	93½
*Quebec Pwr. ..	5	'68	105½	108	104½
†Shawinigan ...	4½	'70	102½	105	102½
†Do.	5	'70	106	108½	105
†S. Canada Pr..	5	'55	104	107	104
†United Secs. ..	5½	'52	81½	84½	80½
†W. Koot. Pwr..	5	'56	105½	108	105½
†Western Pwr...	5	'49	105	108	105
*Winnipeg Elec.	5	'35	99	101	99
*Do.	6	'54	77	80	77½
Industrial and Realty Issues:					
Abitibi Pwr. ..	5	'53	41	44	41
†Alta. P. Grain.	6	'46	98	102	98
‡Asbestos Corp..	5	'42	97½	...	93½
B. A. Oil	5	'45	105½	107½	105
Do.	4	'45	102	104½	102
†B. C. Pulp & P.	6	'50	82½	85½	81
Burns & Co. ..	5½	'48	93	...	88
Can. Biscuit ..	6½	'46	24	27	22
Canada Bread..	6	'41	107½	...	107
†Can. Cement ..	5½	'47	105½	107½	105½
†Can. Paper	6	'45	101½	...	101½
‡Can. Ss. Lines.	5	'43	102	...	101½
Do.	6	'41	57½	60½	52
†Can. Canners..	6	'50	105½	107½	105½
*Can. Int. Pap..	6	'49	85½	88½	87½
C. P. R.	4½	44	99½	102	99
Do.	4	'49	99	101	98½
Can. Rail & H.	6½	'51	50	53	46½
†Can. Vickers ..	6	'47	90	94	89
Cons. Paper	5½	'61	30½	33½	31
†Dom. Canners.	6	'40	109	...	109
Dom. Sq. Corp.	6	'48	58	...	57
†Dominion Tar..	6	'49	103	105	102½
†Donnacona P...	5½	'48	62	65	64½
†East. Dairies ..	6	'49	85½	90	83
†Fam. Players..	6	'48	103½	106	103½
†Do.	6½	'48	102½	105	101
†Federal Grain .	6	'49	...	...	90½
Fraser Cos.•	6	'50	91½	...	89
Do.▲	6	'50	86½	...	83
†G. Steel Wares.	6	'52	102½	105	100
Gt. Lakes Pap.	6	'50	43½	46	44
†Gypsum, Lime.	5½	'48	97½	100½	97
Ham. Cottons..	5½	'48	101½	...	101
*Ham. By-Prod.	5	'55	98	100½	97½
*Hinde & Dauch	5½	'48	102	...	102
†I. P. & P. Nfld.	5	'68	102	106	102
Int. City Bak...	5½	'48	102½	105½	102½
Kingston Elev.	6	'50	97	100	95
Lake St. John P. & Pa.	6½	'47	95	98	93
†Lon. Can. Inv..	4½	'48	85½	88½	85½
†Massey-Harris .	5	'47	91	94	91½
McColl-Front. .	6	'49	105	107	105
M. & O. Paper.	6	'45	30	33	31
Mtl. Dry Docks	6	'48	80	...	78½
Price Bros. bds.	6	'43	94½	97½	94
*Prov. Paper ...	5½	'47	101½	104	101½
*Reliance Gr. ..	6	'48	102	105	101½
‡Riordon Pulp ..	6	'42	104	...	104
†Rolland Paper.	5½	'48	104	106	104
Ruddy & Co. ..	6½	'48	98	...	97½
†Simpsons Ltd..	6	'49	104½	107	104
Do.	5½	'49	102	...	101
†Smith, How'd..	5½	'53	104½	107	104½
‡Steel of Can. ..	6	'40	112	115	111½
United Corpns.	5	'53	90½	93½	90½
United Grain ..	5	'48	99½	102	99½
Do.	5½	'49	101½	104½	101½
Western Grain.	6	'49	87	90	86½

‡Payable in Canada or U. K. †Payable in Can., U. S., or U. K. §Payable in U. S. only. *Payable in Can. or U. S. •Unstamped. ▲Stamped.

Dividends Declared

	This payment	Date payable	Date of record
Agnew Surpass	20c	Mar. 2	Feb. 15
Do., pref.	$1.75	Apr. 1	Mar. 16
Anglo Can. Tel. pf.	87½c	Feb. 1	Jan. 20
Avalon Tel. pf.	87½c	Jan. 2	Dec. 31
Do., com.	$1.75	Jan. 2	Dec. 31
Beatty Bros 1st pfd.	$1.50	Feb. 1	Jan. 15
Bank of Toronto	$2.50	Mar. 2	Feb. 15
Buffalo Ankerite	5c	Feb. 15	Feb. 1
Can. North. Pr.	30c	Jan. 25	Dec. 31
Coast Brew.	23c	Feb. 1	Jan. 17
Can. Vinegars	30c	Mar. 2	Feb. 19
Can. Investors	10c	Feb. 1	Jan. 17
Can. Bronze	15c	Feb. 1	Jan. 20
Do., bonus	50c	Feb. 1	Jan. 20
Do., pref.	$1.75	Feb. 1	Jan. 20
Calgary Pwr., pfd.	$1.50	Feb. 1	Jan. 15
Can. Indus. A & B	$1	Jan. 31	Dec. 31
Can. South. Ry.	$1.50	Feb. 1	Dec. 27
Can. Dredge, c.	$1	Feb. 1	Jan. 15
Do., bonus	$1	Feb. 1	Jan. 16
Continental Life	$2	Jan. 15	Jan. 10
Can. Bk. of Commerce	$2	Mar. 2	Jan. 31
Can. Converters	50c	Feb. 15	Jan. 31
Can. Invest. Fd.	3½+1c	Feb. 1	Jan. 15
Dome Mines	50c	Apr. 20	Mar. 31
East. Theatres, pf.	$3.50	Jan. 31	Jan. 15
East. Twps. Tel.	18c	Apr. 15	Dec. 31
Frost Steel, 1st pf.	$1.75	Feb. 1	Jan. 18
Guelph Carpet, pf.	$1.62½	Feb. 1	Jan. 20
Gurd, Chas., pf.	$1.75	Feb. 15	Feb. 1
Hecla Mines	10c	Feb. 15	Jan. 15
Hollinger Cons.	5c+5c	Jan. 28	Jan. 13
Humberstone Shoe	50c	Feb. 1	Jan. 15
Hydro Elec. Sec. B	25c	Feb. 1	Jan. 20
Imperial Bank	$2.50	Feb. 1	Dec. 31
Int. Nickel, pf.	$1.75	Feb. 1	Jan. 2
Int. Utilities, pf.	$1.50	Feb. 1	Jan. 21
Do., $3.50 pfd.	75c	Feb. 1	Jan. 21
Inter. Mining	15c	Mar. 20	Feb. 29
Loblaw, A & B	25c	Mar. 2	Feb. 14
McIntyre Mines	50c	Mar. 2	Feb. 1
Mill City Pet.	†5c	Feb. 21	Jan. 31
Mtl. L. H. & Pr.	38c	Jan. 31	Dec. 31
Nat. Biscuit, pf.	$1.75	Feb. 29	Feb. 14
Do., com.	40c	Apr. 15	Mar. 13
Penmans	75c	Feb. 15	Feb. 5
Do., pref.	$1.50	Feb. 1	Jan. 21
Russell Motor pf.	$1.75	Feb. 1	Dec. 31
Do., on arrears	$1	Feb. 1	Dec. 31
Royal Bank	$2	Mar. 2	Jan. 31
Royal Trust	80c	Jan. 31	Jan. 31
St. Law. Flour	50c	Feb. 1	Jan. 20
Do., pref.	$1.75	Feb. 1	Jan. 20
Simpsons, pfd.	$1	Feb. 1	Jan. 25
Steel of Can.	43c	Feb. 1	Jan. 7
Do., extra	$1.42½	Feb. 1	Jan. 7
Do., pref.	43¾c	Feb. 1	Jan. 7
South. Can. Pr., c.	20c	Feb. 15	Jan. 31
Shawinigan	15c	Feb. 15	Jan. 20
Toburn	2c	Feb. 21	Jan. 21
Weston, Geo., pf.	$1.75	Feb. 1	Jan. 20
Westminster Paper	20c	May 1	....
Ymir Yankee†	2c	Feb. 1	Dec. 31

†Initial.

Winnipeg Stocks

(Transactions from Jan. 10 to Jan. 18)

	Sales	High for period	Low for period	Close Jan. 18
B. & M. Synd.	2	17.50	15.00	17.50
Beaver Lumb. p.	15	66.00	66.00	66.00
Can. Fire	127	75.00	75.00	75.00
Dom. Envelop. p.	20	90.00	89.00	89.00
Fed. Grain, c.	20	3.50	3.50	3.50
Fed. Grain, pf.	65	53.00	51.75	53.00
Flin Flon	16,900	.36	.32½	.34
Gt. West Life	8	387.00	387.00	387.00
Home Invest.	24	24.00	24.00	24.00
Gold Lake	294.00	.50	.27½	.50
Island Lake	16,300	.09	.04	.07
Knee Lake	13,700	.05	.03	.05
Ore Grande	4,500	.10½	.07½	.10½
Rice Lake	4,500	.04½	.03	.04½
Scotia Gold	7,500	.10	.03	.09
Vanson Man.	200	.03	.03	.03
United Grain	30	13.00	12.50	12.50
West. Breweries	325	2.00	1.95	2.00
Wingold	8,150	.09	.07½	.08½
Wylie	5,150	.25	.22	.24

Stocks Not Traded in During Week*

	Bid	Ask.
Beaver Fire Ins.	..	100
City Dairy, A	..	10
Comm. Securities	8	10
Dom. Envelope, c.	1	2
North. Trust	7	..
Pelissiers	..	½
Do., pref.	27	..
Traders Bldg.	65	..

*Stocks more active on other exchanges not included.

Listed Bonds

Week Ending Jan. 20, 1936

	Int. rate	Due	High	Low	Range 1935-36 High	Low
Mtl. L. H. & P. Debs.	3	'39	50½	50½	50½	48
McNish	6	'48	3.55	..	4.00	3.25
Mtl. Trans. A	5	'55	87	..	87	75

A FIVE YEAR PLAN FOR CANADA

Mr. Thomas Bradshaw, at Annual Meeting of North American Life Outlines Policy for Handling of Major National Problems.—"Can be Done and Must be Done"

IMPORTANT YEARS AHEAD

Mr. D. E. Kilgour, General Manager of Company, Reveals Nature and Extent of Company's Progress During Past Year.—Business in Force Increases by $10,500,000 to More Than $200,000,000

"The next five years are likely to be five of the most important years in Canada's history, and while they may be influenced by outside occurrences, it is believed that if we have the determination and the will they can be made years of recovery," said Thomas Bradshaw, president of the North American Life Assurance Company, addressing the annual meeting of the company on January 20. Mr. Bradshaw outlined a five-year plan for Canada in which he emphasized "practicable and desirable" public policies which are necessary if we are to have a safe and sound future.

D. E. Kilgour, general manager of the company, addressing the meeting, reported that new business for the year 1935 totalled $34,662,533, an increase of 66 per cent.

Mr. Bradshaw referred to the sound position of the Company, and to the fact that in 55 years it has never faltered in meeting its contracts. In this young country, he said, there are institutions that have stood the test of many years, which suggests that the foundations of our institutions are well and securely bedded in the soil of our national life.

To describe life assurance in Canada, with its $6.5 billions of assurance in force and its $2 billions of assets, baffles description, said Mr. Bradshaw, who endeavored to reduce these staggering facts to a unit basis. There are 2.5 millions of policies in force. The average policy is $2,100. The reserve held for each is $440, supported by $460 of assets. Apart from policy loans averaging $80 per policy, the assets held for protection are as follows:

$118	in first mortgages
94	in government bonds
55	in municipal bonds
29	in public utility bonds
26	in industrial bonds
24	in cash and other assets
23	in real estate
11	in various stocks
Total $380	

Thus every policyholder has a stake in every phase of the economic life of the Dominion. Any adverse changes in the character or value of the assets underlying his policy must affect him, Mr. Bradshaw pointed out.

UNFORTUNATE TENDENCIES

Citing figures to show the encouraging extent of Canada's recovery during 1935, Mr. Bradshaw said:

"It is very unfortunate, in the face of such evidence of economic recovery, that certain events in 1935 have served to disturb the confidence in Canada's economic stability and integrity. Some of the events were of minor importance; others of major significance, but all indicate a trend towards superficial thinking and lack of regard for obligations. The cumulative effect of these incidents is gradually undermining our already overburdened credit structure.

ABILITY TO PAY

"The instances to which reference is made are all too fresh in our minds to be detailed here. One of the most recent is the suggestion recently put forward as a basis of adjustment of debt for the new City of Windsor which is composed of four municipalities—Windsor, East Windsor, Sandwich and Walkerville—all in varying degrees of default. The proposed plan, involving the scaling down of original debts, as well as reduction in interest rates, indicates scant consideration for those who have loaned them money in the past to create the extensive and valuable services they now enjoy.

"It is firmly believed that the suggested compromise does not reflect this area's ability to pay, and amounts practically to confiscation of the lender's capital. It is inconceivable that the scheme has been put forth with the knowledge or approval of the Department of Municipal Affairs of the Province of Ontario, or that the Department will allow such a compromise to become effective. It is to be hoped that bondholders will demand a searching investigation before the acceptance of any such plan.

THE WRONG WAY

"The intimation that another important city in Western Ontario—Niagara Falls—which has thus far been able to meet its interest charges, will make no attempt to raise in 1936, by tax levy, interest on its funded debt, and as a consequence will make no effort to pay, is an illustration of the attitude of elected representatives in some municipalities towards their just obligations.

"If these two cities, which have in past years enjoyed the confidence of their creditors, both of which are situated on the borders of the country to the south of us, expect to share in the better conditions referred to, and be classed as respectable communities of this Province, they are going the wrong way about it in refusing to make a real effort to meet their honest debts. Other instances of municipal indifference will unquestionably stamp such communities as places to be shunned by new businesses and those thinking of establishing homes.

CASES FOR COMPROMISE

"I do not wish to imply that compromise may not be essential in some individual cases where misfortune has overtaken a public body, but such compromise must be based on ability to pay, as determined by searching analysis. There is a common meeting point for debtor and creditor, and that point should be arrived at by mutual agreement and not by arbitrary measures. Credit takes years to build and is based on a continuous record of fulfillment of all obligations.

"The average man is honest and reliable. Few, if any, desire to escape from their obligations. Periods may come when bills cannot be paid and obligations met, but these periods pass. Creditors as a class do not, like Shylock, 'demand their pound of flesh'. Rather do they seek to ensure the ultimate reimbursement by being lenient and allowing time for payment. If there is a definite loss, and inability to pay is definitely established, settlements can and are being made every day. But the creditor has a right to expect only the best efforts of the debtor. In many cases, especially with certain municipalities, he is not receiving that consideration.

DEBT DISCUSSION

"Much discussion of a superficial character has taken place during the last twelve months, with regard to our several Governments' ability to continue to meet the service charges on their public debts, and to live up to their contractual obligations.

"Some of this discussion evidences looseness in public thinking, and this may be ascribed to the activities of ardent, economic theorists who rise during times of stress, play their brief part in the drama, then sink into oblivion as the world moves on and conditions improve. Their ability to sway multitudes, through their oratorical prowess and the superficial appeal of their popular theories, has brought them to public attention. Their enthusiasm and assurances have led many to follow their banner towards an uncharted Utopia. Yet, as all history records, with improving conditions this following gradually diminishes, and men once more turn to work and take their place in the economic society, the sound principles of which, modified from time to time as proven experience justifies, have governed our actions through the ages.

"No type of business can be carried on in an atmosphere of distrust and uncertainty. Our present economic system, and any other system which could be devised where man's individuality may be expressed, must depend on faith and integrity, upon willingness and ability of each to play his own part. Teamwork is essential. Gallery play may look very pretty and bring applause, but each player doing his small part for the good of the team is far more effective in bringing results.

INDIVIDUAL OWNERSHIP

"There are public securities of Canadian governmental bodies outstanding to an amount approximating 6.9 billion dollars. These monies have been secured to build and acquire all the public wealth which we possess, and have been supplied by the people and from the savings of the people. Such wealth is not created by a stroke of the pen, but by the honest sweat of many brows, and represents the major portion of the accumulated savings of all the people, rather than of one class alone.

"Not only every man or woman who owns a life insurance policy, but every man or woman who owns an accident policy, a fire policy; who has a bank account or trust certificate; who receives benefits from a fraternal society, endowment or religious fund; who has beneficial interests in estates and trust funds; who has investments of his or her own, is vitally interested in these securities.

INVESTORS FOR ALL

"May I point out that four of the heaviest investors in Ontario municipal and government securities, are the Ontario Workmen's Compensation Board, the Supreme Court, other Ontario municipalities, and the Hydro-Electric Power Commission of Ontario. In these cases the investments run into many millions of dollars, and well may we ask who suffers when action is taken that places these securities in jeopardy. The Ontario Workmen's Compensation investments have been made for the protection of men and women working away at the common everyday tasks of life. Those of the Supreme Court have been acquired for the benefit of widows, children and other beneficiaries dependent upon the interest and principal; those held by many Ontario and other municipalities have been made so as to meet their own debenture debt when it falls due; the investments of the Provincial Hydro Commission have been made chiefly to meet Hydro's own bonds when they fall due.

WIDESPREAD EFFECTS

"When one municipality defaults and attempts to make an unjust settlement, it directly affects the taxpayers of other municipalities," said Mr. Bradshaw, pointing out that when the proposal of the astounding settlement of the defaults of municipalities in the Windsor area was announced, it was protested by the newspapers of other cities, because their own cities held in their sinking funds the debentures of Windsor.

Mr. Bradshaw continued:

"Nor can we say that is merely a debt we owe to ourselves. Many of the same kind of people resident outside our borders, in Great Britain, the United States and other countries, are involved. They have advanced monies to us, based mainly on the faith which they have in our integrity and honesty, and in the future which they believe is ahead of us.

"We know what our opinion is of anyone who does not play fair with us. We know what our opinion is of other countries whose securities we own, and who have failed to keep their word. Dare we risk any suspicion of apathy, of negligence or of sharp dealing in the fulfilment of our own obligations? Our intelligence advises us, our conscience entreats us, and our honor commands us, to do unto others as we would have them do unto us.

CANADA'S GOOD FAITH

"In spite of the dark cloud which overhangs certain portions of the financial scene, there is, however, a silver lining which we are glad to observe. I refer to the confidence which our people have in this Dominion, and which has demonstrated itself time and again. Loans have been quickly oversubscribed. There has been no hesitation to respond when any of our governmental or municipal bodies have shown a record of sound operation and an honest and fair-minded attitude. There has never been a Dominion loan that has not been a success. There has never been a provincial loan which has not been a success under the above conditions.

"As an illustration, the last internal Dominion loan for $55 million bore a 3% coupon and sold at 98¾ to yield 3.08%. One of the last Provincial loans was that of Nova Scotia, involving an issue of $4,140,000 in 3% bonds, which sold at 98 to yield 3.20%. The last major municipal financing was by the City of Ottawa, which issued $1,820,000 of debentures, bearing 2, 2½ and 3% coupons, which were sold by the City at an average price of 99.58; the money thus cost it less than 3%.

ABERDONIAN RECORD

"May I be permitted to go overseas for another illustration. Aberdeen, Scotland, is a city which suffers patiently as the butt of many a joke. Despite its reputed deserted appearance on a 'Tag Day', there are a large number of people there, and the administration of her affairs and the condition of her civic finances are far from being a joke. Aberdeen's tax rate is the lowest of the six largest cities and towns in Scotland. Last year £1,000,000 ($5 million) of 3% stock was issued at 101, and the success of the issue may be judged from the fact that applications were received to the extent of £34½ million (approximately $172,500,000). This is an evidence that a public body, wisely governed in the interest of its citizens, can always command abundance of funds at the lowest rates of interest. Great Britain is able and willing to furnish Canada, her Provinces and her cities, with all reasonable requirements, providing she has confidence in their integrity and regard for their obligations.

IN CANADA TOO

"In citing this illustration of efficient municipal management and sound credit, it is a great satisfaction to refer to the substantial number of well administered Canadian cities, towns, etc., which have protected their credit through the depression by able financial control, and by pursuing those simple policies which are always in evidence when the interests of the taxpayers are held uppermost in the minds of the elected representatives and civic officials.

INTEREST RATES

"The time for our public bodies to do their financing is here and now, in order to take advantage of the low interest rates currently prevailing. The Federal government is to be highly commended for its determined policy to bring about cheap money. It will gradually help to ease the burden of debt, encourage production and construction, and increase employment.

"There is very considerable permanent—as opposed to temporary—financing to be done by governments. In addition, there is new capital required for municipal services, for industrial purposes and for railroads. Money is available to all sound borrowers. All reasonable efforts should be put forth, at as early a date as possible, by governments and industry, to place their houses in order, and to effect the economies needed to strengthen their positions. Returning business and resultant demand for money, makes it extremely unlikely that the present low rates will obtain for many years. Interest rates will undoubtedly increase. As an illustration, Australia was able to borrow internally at 3 and 3¼% two or three years ago, but it is significant to note that its last internal issue of £7,500,000 was offered with a 3¾% coupon at a discount, indicating a distinct hardening in interest rates.

A FIVE YEAR PLAN

"Whatever we may think of Soviet Russia's five year plan, or that set forth in the recently issued book, 'The Next Five Years,' and to which general support was given by a group of 152 of Britain's outstanding men and women, representative of all shades of thought, there is much to be said for the intelligent planning of the future over a definite term of years, and adhering as closely as possible to programme. The idea of a five year plan fits into our Canadian situation at the present time in a very practical sense. In Ottawa, a new Federal government will hold office for the next five years—one that has the support of the people in a marked degree.

"This confidence has been materially strengthened by the quality and high character of the leader and those selected as Cabinet Ministers, and placed in the key positions. In addition, most of our Provincial legislatures have recently been established, and the term of office of each is approximately five years. It would thus appear that political disturbances are likely to be held to a minimum, and that undivided attention can be given by those in business and by citizens generally to their affairs, and by Governments to the solution of the many serious problems confronting them. Improving business confidence and stable government should be powerful aids to steady and sound recovery.

ELEMENTS IN PLAN

"What should Canada's five year programme be? What definite objectives should be set, toward which all effort should be directed? May I merely sketch the following:

"(a) **The elimination of the Canadian National Railways deficit.**

"This is currently costing the taxpayers about one million dollars a week. In the last three years this deficit aggregated about $170 million, and increased our debt burden at least to that extent. Gross revenues of our railways have increased by over 2% in 1935—a very moderate improvement. Expanding trade and improving business forecast a continued increase, but this is not enough. Economies and co-operation have resulted in substantial reductions in operating expenses, but these may be reduced still further. Savings have been effected in refunding maturing railway debt at lower interest rates. This process will, of course, be continued. Is it too much to expect that our national railway, by working to a definite objective within our planning period, could have a surplus instead of a deficit?

"(b) **The continuation of the liquidation in an orderly fashion of the huge carryover of Canadian wheat.**

"An excellent start in this direction has been made. There have accumulated during recent years 260 million bushels, and it should be reduced to normal proportions, say 50 to 75 million bushels. To prevent financial and many other complications associated with agriculture, prices and marketing, our wheat should be sold so that at the close of the season there will be only a normal carryover.

"(c) **The decrease of unemployment to a level commensurate with 1928 and 1929.**

"If private business and industry is afforded reasonable assurance of stable conditions, and given a basis for fairly long term commitments, it is believed that this would give confidence, stimulate all classes of industry, and lead to the gradual absorption of surplus labour. In the meantime, unemployment relief payments should be made on a uniform basis; administration of relief should be in the most efficient manner. In Ontario municipalities, for example, the average monthly per capita cost of relief varies from $4.37 to $12.38. Relief costs are burdensome. For 1935 the estimated total was $145,000,000. Out of every one dollar in taxes paid in Canada, approximately eighteen cents is directed toward unemployment relief; or in other words the average Canadian family or breadwinner pays for this item alone $9.13 per annum.

"(d) **The balancing of budgets by the Dominion, all nine Provincial governments and by the municipalities.**

"In cases where they are at present out of balance, definite plans should be laid so that this may be accomplished immediately, or in some instances gradually within the next one, two or three years. To accomplish this, it is recognized that economies must be effected in governmental and municipal operations, overlapping administrative departments eliminated, and minor municipal bodies reduced. All Canadian public bodies must recognize that they must pay their own way and live within their income. There is great encouragement in the present Finance Minister's recent declaration.

" 'There are limits to the amount of debt which present and future generations of Canadians can be called upon to bear, and the Government (Dominion) has no uncertain view as to the necessity of the early balancing of the budget.'

"A similar declaration by each Provincial Treasurer and the responsible head of each municipal body, followed by performance, would be re-assuring.

"(e) **The incurring of no additional capital debt except for justifiable services.**

"The time has arrived when relief expenditures should not be funded by any of our public bodies, but absorbed as a current expense, even if it involves additional taxation. This also applies to deficits and other special current expenditures. Canada's governmental debt — Federal, Provincial and Municipal—has increased by $1,800,000,000 since 1929. It is of course recognized that issues for refunding purposes will require to be made from time to time by our major Governments, but not by municipalities, as provision is made in the annual tax rate to automatically liquidate their debts.

"(f) **The refunding of the Federal and Provincial debt maturing in the next five years at close to prevailing interest rates.**

"This would bring about an important annual saving in interest. To accomplish this it is essential that Federal and Provincial credit be not only maintained but strengthened. There must be no suspicion of sharp or unfair dealing. It is recognized that in the refunding of our heavy maturities in the next five years, it is not unlikely that we will have to seek outside markets. Hence we must plan, both by declaration and performance, to re-establish completely our credit abroad, particularly in Great Britain, so as to re-assure outside holders of our securities that they have nothing to fear. The plan to establish Dominion and Provincial Loan Councils, to assist the Provinces in orderly and economic borrowing for refunding and other purposes, is believed to be one of the most constructive proposals recently advanced.

"(g) **The gradual reduction of the present heavy and overlapping Dominion, Provincial and Municipal taxation.**

"The proposed imposition by Ontario of an income tax, equal to a substantial portion of the Dominion tax, is a burden which cannot be borne forever. If there is no hope of amelioration, there is no doubt that those whose incomes are in the upper brackets and who are now taxed almost to the point of confiscation, will find a harbour of retreat. In fact, this movement is now in progress. It is to be hoped that the Province is in a position to plan definitely and so declare, that the tax is a temporary one, the proceeds to be used solely for cost of unemployment relief, and that it proposes to reduce it each year, until finally it is extinguished. It should be definitely labelled in the tax bill 'Unemployment Relief Tax' and as unemployment diminishes, so should the tax. Some years ago the Dominion Government was able to put into effect a reduction in the income tax. The British Government has done this within recent times. While it may be regarded as impossible to reduce direct taxation immediately, yet taking advantage of rising revenues resulting from improving business conditions, is it not within the range of possibility to bring about, say in the last three of our five year period, an annual reduction in all direct taxation?

"(h) **The planning in order to bring about uniformity of Provincial and Dominion legislation.**

"There is at the present time divided opinion and jurisdiction in such matters as succession duties, bankruptcy laws, insurance, etc. Uniformity in Dominion and Provincial accounting and auditing should also be established, so that ready and accurate compilations and comparisons may be instituted. It will require time to bring this about, but it is believed it can be accomplished in the period of planning.

"(i) **The elimination of all debt moratoria and other restrictive debt legislation.**

"In Western Canada, where particularly restrictive laws have been enacted, it is firmly believed that these have proved as great a disadvantage to debtors as to creditors, and that these Provinces as a result have suffered greatly from the economic standpoint, while their progress has been definitely retarded. New capital has not for some years entered the West, nor will it do so in any great degree until equity and justice to all again prevail. A programme in the next five years of gradual elimination of restrictive legislation should be undertaken.

"(j) **The bringing of the Western and Eastern portions of Canada in closer contact with each other.**

"It is unfortunate that geographically our land is so far flung but Nationally we are all Canadians. The East has as much to contribute to the West as the West has to the East. It is felt, however, that at present there is a sense of remoteness, especially in far Western Canada, which is assuming a serious aspect. There is opportunity for governments and individuals to plan definitely to improve this situation; otherwise, as in another section of our Empire, rumblings of separation may develop.

"(k) **Every Debt—Dominion, Provincial and Municipal — should be honourably met.**

"In a public document, filed a few days ago at Washington, for and on behalf of the Dominion, preliminary to the offering in the United States of the recent $48 million loan, there was the following statement:

" 'The Dominion of Canada has always paid the full face amount of the principal and interest on (a) every direct obligation issued by it, and (b) every indirect obligation on which it has been required to implement its guarantee, all promptly when due in the lawful currency of the country where payable at the time of payment thereof.'

"This is a statement of a fine record, and suggests that the Government has no other intention in the future. To bring about recovery, it is essential that our other public bodies shall endeavour to maintain an equally good record, and that no one shall be stigmatized as being guilty of sharp practice, or of acting dishonourably in dealing with their just obligations.

"(l) **The undertaking by private enterprise of the greater development of our mining fields, our forests, our agricultural areas, our other national resources, and our industries.**

"Reasonable and necessary government regulation of business is to be expected, but regimentation of industry by government is not to be desired. It is believed that recovery will come more surely, more rapidly and on a much more secure basis, through encouragement of private enterprise, than by the hypodermic injections of Government, no matter how well intended.

"(m) **A review of all existing Dominion and Provincial social legislation.**

"Many diverse statutes relating to social betterment are presently on the books of the Dominion and of our various legislatures. It is suggested that these should be reviewed by a competent commission appointed for the purpose, co-ordinated and implemented to result in a practical plan for the distribution of social benefits of all kinds. This commission should first decide upon their necessity and secondly upon their adequacy, having regard to our ability to pay. Schemes of this kind, while worthy, should not be undertaken without a full knowledge of the cost and the source from which the additional taxation will be drawn.

NOT IMPOSSIBLE

"The things which have been set down are not impossible of accomplishment. They are all practicable and most desirable, and in fact it is not too much to say that they can be done and must be done, if we are to have a safe and sound future.

"Running through the five year plan is the old-fashioned idea of thrift—of limiting expenditure to income, whether public or corporate. In fact, the public problem of relief would not now be quite so acute, had this homely virtue been practised by the individual to a greater degree in the past. That the public now realize this and the help which life insurance, which is regarded as a public service, can offer, is evidenced by the increasing number making provision for their dependents in the event of death, and for themselves in old age. There is no better way of doing this than through the facilities offered by life insurance."

GENERAL MANAGER SPEAKS

Mr. D. E. Kilgour, the general manager, commented upon the figures in the company's annual report. In part, he said:

"New business for the year was $34,662,533. This amount showed an increase of $6,359,960, or 22%, as compared with that for the previous year. A substantial portion of the new business still consists of pension bonds purchased to provide savings and retirement income. It is fortunate that the life companies are in a position to meet these requirements on the part of the public at a time when satisfactory investment of savings is somewhat difficult.

MORE IN FORCE

"Business in force reached a total of $202,539,161 at the end of the year. This amount showed an increase of $10,519,549 or nearly 5½% over the business in force at the end of 1934. The amount of the Company's business terminated during the year has again shown a substantial decline.

"Total income of the company amounted to $10,361,150 during 1935; an increase of $330,465 over the amount for the previous year. Premium and interest income both showed an increase.

PAYMENTS MADE

"Payments to policyholders totalled $5,186,871 for the year, or a decrease of $454,313 as compared with the amount for the previous year. The reduction in these payments has been due mainly to the decreased demand in connection with surrendered policies. Death claims was also materially less.

"The amount of $1,282,054 paid in dividends to policyholders also shows a reduction as compared with the previous year. This reduction is largely accounted for by the fact that lowered interest rates on investments has begun to affect the earning power of the policy reserves.

EXPENSES

"The substantial increase in new business during the year and the increase in total business in force could not have been obtained without some increase in the company's expenses. It is gratifying, however, to note that the expenses incurred have not increased at as great a rate as the company's business, and that the expense rate will therefore show a reduction.

ASSETS OF COMPANY

"The Company's total assets now amount to well over $50,000,000. During the year, the increase shown was more than $2,000,000.

"The Company's holdings in Government Guaranteed Bonds have been increased by nearly $3,000,000 during the year, and the amount now held is nearly one-third greater than that of a year ago. Holdings in other bonds and debentures and in stocks have been maintained at about the same level, while the amount invested in mortgages has again been reduced. The demand for policy loans continues to decrease and a further reduction has occurred in this account.

VALUE OF ASSETS

"A valuation of the Company's bonds, debentures and stocks on a basis more conservative than the actual market values at the year-end, shows an excess of more than $1,000,000 over the valuations shown on the Company's books. In harmony with the past practice of the Company, none of this margin has been taken into account in determining the surplus.

RESERVES AND SURPLUS

"The reserves held with respect to assurances and annuity contracts now amount to over $42,000,000. They are substantially in excess of the minimum reserves authorized by the Dominion Insurance Act.

"The Company has provided an investment reserve of $500,000 for contingencies in connection with mortgages and sale agreements, since these classes of assets cannot be subjected to a market valuation.

"The Company's large free surplus, together with the excess of market over book values of securities, and the investment reserve, constitute a total provision for contingencies of over $3,000,000. This fact, combined with the Company's well-established earning power, gives assurance of the continuation of satisfactory policy dividends.

INTEREST RATE

"In spite of the lower yields which have been currently obtainable on new investments, the interest rate earned on all invested assets has not varied materially from the previous year. This result has been obtained largely through the improvement in mortgage interest collections. In the event that low yields on new investments continue for some considerable time, it is probable that the interest rate may decline. During the last few years, the widely diversified assets of the Company have shown a remarkably stable average earning-power, and have thus furnished in a striking way an endorsation of the Company's investment policy.

STEWARDSHIP

"In a time when it is popular to attack 'Big Business,' it is in place to emphasize the nature of the stewardship that exists between a life insurance company and its policyholders. Only to the most insignificant extent is a life insurance company a profit-making organization; in a mutual company such as your own, no profits are made at all. With no desire to thrust upon you an actuarial description of the operation of a life insurance fund, let me assure you that in reality it is a very simple thing.

"First, bear in mind that there are no such things as bargain plans or bargain premiums. Broadly speaking, every premium is made up of two parts; a part to meet current claims and a part to meet claims arising in future. This latter part, accumulated at interest, constitutes what is known as the reserve. It is the duty of the actuary to see that the premium is sufficient, and misunderstood and maligned as he often is, it is to his credit that no life insurance company as yet has been embarrassed by his mis-calculations.

TO ERR SAFELY

"Now obviously no actuary can tell in advance the precise number of people who will die within a given time, nor the exact rate of interest which his Company will earn in the future but from the beginning of life insurance, the actuary has learned to err on the safe side, and it is primarily because of this that a life insurance company if prudently managed should never fail. The part of the premium that is left after meeting its share of the current claims and providing its share of the future claims, is surplus, and not profit, and is returned to the policyholder himself or is retained by the company for the purpose of returning it to him in the future.

BIG BUSINESS

"I have already referred to our own investments. Some conception of the magnitude of life insurance investments in general may be gained when I tell you that the assets of American Companies exceed $25,000,000,000. 'Big Business' you say, 'yes, if figures alone count.' But remember that the sum represents the gathering together of the savings of millions and millions of people—the common people, if you will, who, with foresight, thrift and often sacrifice, have thus provided for their stake in the future. These assets, painstakingly conserved and carefully invested, are the reserves which will make possible the payment, as claims arise, of over $100,000,000,000. Whatever is done in the way of impairing credit, or whatever levy may be made in the way of taxes, will have its repercussion not so much on the wealthy, as on the many millions of policyholders whose actual share in the assets of these companies averages less than $400."

DIVERSE GROUPS HELP BUSINESS YEAR-END GAIN

Mining, Forestry, Iron and Steel Plants Active—Index Rises

The advance in business operations as traced by The Financial Post business index was practically continuous throughout 1935, a further slight gain having been shown in December. The constructive movement resulted at the end of the year in a new high point since the later months of 1930.

Three years of recovery are now nearly complete and Canada has travelled far from the turning-point of the depression in the first quarter of 1933. During the last three or four months the post-war trend of business operations has been exceeded. According to the present compilation industrial operations in Canada are now in the normal zone. The Financial Post index was 107.4 in December against 106.7 in the preceding month and 97.0 in the same month of 1934.

The silver mining industry shipped in heavy volume during December. The consignments mostly to external points amounted to 4,048,000 ounces, representing a marked gain over the 2,120,000 ounces of the preceding month. The exports of copper showed a relatively moderate gain while nickel exports receded from the November level. The shipments of gold at 285,336 ounces were again at a high point in December.

In the manufacturing division the foodstuffs industries were less active despite advances in sugar and meat-packing. The tobacco releases were slightly more than maintained. Imports of crude rubber dropped off sharply from the high level of the preceding month. The textile industry made more ample provision for future operations by heavy purchases of raw materials. The imports of raw cotton at 22,187,000 pounds reached an extremely high level. Adjusted gains were also shown in cotton yarn and wool for further manufacture.

Despite the recessions in newsprint production the forestry group on the whole was more active than in November. Adjusted gains were shown in the exports of wood, pulp, planks and boards and shingles, the outward movement of the latter having been specially heavy during the last six months.

The primary iron and steel industry maintained its reputation in December by enlarged production. The output of automobiles was 13,775 units against 13,496, heavy gains being, of course, shown over the same period of 1934.

Carloadings were practically maintained in December after seasonal adjustment, while the external trade showed declines in both divisions.

Plan Your Will

As You Would Plan Your House

When building your house you employ an Architect to put your ideas in the form of plans for the guidance of the builder, and the Architect supervises the construction.

It is equally important, when you are making a Will, to seek expert advice and to appoint an experienced and reliable Executor to carry out your wishes.

We do not draw Wills, but our officers are always ready to advise those intending to appoint us Executor, and to give the benefit of our long and diverse experience in Estate management.

Our booklets on Wills will be sent if you will ask or write for them, and will be found very helpful in planning or revising your Will.

"Some Remarks on Wills"
"A Woman and Her Will"
"Practical Hints on Making Your Will"

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Week In Mining

Mining Index Nears 1934 Peak

* * * *

Earnings Statement

Estimated 1935 earnings of the senior gold producers, now being made public, have served to focus attention on this section of the mining market. The profitable year indicated has served as a buoyant element on the whole market.

The rising trend which has been continuous since last October has finally brought the weighted index of the Dominion Bureau of Statistics to 141.2, a position far higher than at any time in 1935, and very close to the 1934 peak of 143.3.

The fact that most of this steady rise in market prices can be attributed to earnings statements, and, in the case of non-producers, property developments, and not to some mirage-like hope, has resulted in retaining some connection with earnings or potential earnings. That there is such a connection can be seen in the table carried on another page, showing the yields of the various dividend paying mining stocks.

Money Flowing Again

THERE have been several indications recently that the dullness which has for many months marked the promotional end of mining is yielding to the market rise, with the result that it is becoming easier to raise funds for developing prospects of merit.

Two recent examples of this tendency are the Kaw Crow Patricia Gold Mines Ltd. offering, made by the mines development division of H. R. Bain & Co., and the offering in Sladen Malartic Gold Mines recently made through Nesbitt, Thomson & Co. The Post understands that both the offerings have been heavily overscribed, thus indicating that money for propositions of potential merit is becoming more accessible.

* * *

Dome's Earnings

AFTER allowing for developing, operating, and general costs, taxes and exploration write-offs, Dome Mines estimates that its earnings per share for 1935 amounted to about $4.64. This is before making any allowance for depletion and depreciation.

One of the interesting things in this estimate is the amount of taxation paid. The bullion tax and mint charges cost Dome, in 1935, $346,202. Township, provincial and Dominion taxation added another $695,987, making a total in direct taxes of $1,042,189. Since Dome's gross recovery was $7,286,191, it will be seen that this company paid the various governments in direct taxes, over 14 per cent of its gross income. This estimate does not, of course, include indirect taxes such as sales tax, and others, which augment Dome's costs.

* * *

McIntyre's Report

IN THE nine-month earnings statement of McIntyre Porcupine, published elsewhere, it will be noticed that higher costs, taxation, and greater allowance for depreciation whittled the per share earnings from $3.50 per share in the 1934 period to $3.31 in 1935.

The decrease is not of great significance, but makes an interesting analysis, on a per share basis.

It will be noticed that operating and development costs in the nine-month period increased $225,245 over the 1934 period. Taxes increased $75,904, while depreciation allowance was up $17,436.

To the shareholder, this means that the increases were distributed on the following basis; costs and development, $0.28 per share; taxes, $0.09 per share and depreciation, $0.02 per share, or a total increase per share of $0.39 per share. An increase in gross income equivalent to $0.20 per share brought this to a net of $0.19 a share increased expenditures.

* * *

Inflation Again

WITH periodic regularity, talk of further inflation starts across the border and spreads into Canadian market circles.

The latest predictions of further inflation centre on the demolition of the A.A.A. It is argued that the Washington administration, anxious to help the farmer, finds itself bereft of any means now that its agrarian policy has been declared unconstitutional. It will be forced, so the argument goes, to depreciate further in an effort to increase commodity prices and thus directly benefit the farmer.

For the same reason, it is felt, the chances of the soldiers' bonus bill, estimated to cost between one and three billions dollars, are enhanced by the failure of the A.A.A. If this bill receives the president's endorsation, the chances of further inflation are, in turn, enhanced.

Fuel was added to the fire by the recent recommendation by the Committee of the Nation that the official price of gold be increased to $41 per ounce.

The argument is an interesting one, but can invoke little comment, being one of those theories which may only be tested by time.

* * *

Biggest Air Contract

THE announcement that Argosy Gold Mines, successors to Casey Summit Gold Mines, 120 miles north of Sioux Lookout, has entered into a contract with Canadian Airways to fly 500 tons of freight into the property from Gold Pines on Lac Seul next summer, is of unusual interest. It is probably the biggest single air contract ever let, with the exception of the famous Bulolo enterprise in New Guinea.

Apparently Argosy officials have decided that it will be more economical in the long run to fly this freight in next summer, than to attempt to use tractors and boats from Gold Pines.

While the flying rate is probably higher than the alternative rates, the company will have the use of the money in the meantime, and will not be faced with an immediate expenditure and perhaps costly delays.

* * *

Index to Mining Stocks

AN APPRECIABLE gain of 5.8 points was registered for the price index of twenty-three mining issues for the past week, causing it to rise from 135.4 for the week of January 9, to 141.2 for the week of January 16. The index for the week of January 17, 1935, was 122.9.

CHROMIUM M. & S. TO ERECT MILL, BOOST SMELTER

Another step in the rapidly developing operations of Chromium Mining and Smelting Co. Ltd. has been taken. It is announced that the construction of a 100-ton mill at the company's property in the Obonga Lake district near Collins, Ontario, will be started immediately. In addition, two new furnaces and the enlargement of one now in operation at the Sault Ste. Marie smelter will be undertaken.

Funds for expansion have been provided through the sale of treasury shares to N. A. Timmins Inc.

The Post understands that equipment for the mill is already on the way to the property where about 500 tons of high-grade ore are ready for shipment to the smelter. The mine underground and the shaft are prepared for starting milling.

First Large Shipper

Of the two new furnaces to be added to the Sault Ste. Marie smelters, one will be added immediately and the other at a later date. Officials believe that the enlargement of one of the furnaces now in operation can be accomplished with small expenditure.

Since smelting operations at the Sault started, this new Canadian industry has produced and sold 85,000 lbs. of chromium and 1,320 tons of ferro silicon. This is the first production of chromium on a commercial scale in the Dominion, and the fact that the demand for the metal appears to exceed present capacity has prompted officials in their decision to increase capacity.

GOLD LAKE MINES FEATURES NEWS FROM MANITOBA

Central Manitoba, Diana Both Have Favorable Week

From Our Own Correspondent

WINNIPEG.—Gold Lake Mines is the big news for the past week in Manitoba mining circles. Percy Hopkins, its sponsor and its geologist, is expected to visit the property shortly but in the meantime it is learned that at 450 ft. drills have intersected rich ore.

Telephonic communication has now been established between the property and Winnipeg and cable for heavy power lines is being strung, ready for spring operations. The stock has appreciated from 26 cents a little over a week ago to 50 cents bid.

Central Manitoba's Revival

Central Manitoba is still the big feature locally. A quarterly statement issued by the board of directors showed the company's cash position to be excellent and its ore position the best that it has been for years past. With practically a quarter of a million in working capital and a year's ore ahead Central is staging a real comeback. Complete supplies are being shipped into the property over winter roads and the entire plant is being pepped up to work at full capacity.

Neighboring Properties Active

In sympathy with Central Manitoba neighboring properties are being given the once over. Oro Grande expects to start active operations with the coming of spring. Scotia Gold is showing some interest. Its No. 2 group of claims adjoins the east end of Central Manitoba, where its recent discoveries have been made, and with considerable cash on hand, sufficient for a good deal of exploration work Scotia plans to endeavor to make a comeback on this group. Exploration work will also be continued on the No. 1 group close to Gunnar and on which a lot of ground remains that was never very thoroughly prospected.

In the Rice Lake district, proper, Rice Lake Gold Mines is keenly interested in the Gold Lake discoveries. The break on which their main finds have been made passes through Rice Lake Gold Mines property. This company also has sufficient funds for considerable work and directors are now planning a diamond drill campaign for the spring. An engineer's report obtained within the past week outlines a programme of development somewhat different to that which obtained previously. The Independence vein on which most of the work hitherto done has been concentrated, in this report is, the engineer says, probably the bottom of an ore deposition instead of the top. He suggests that where this vein strikes the basalt is the logical place to look for ore at depth.

Frank Smith is closing down the Knee Lake Gold Mines property, northwest of God's Lake and under development by Bobjo Mines Ltd. Early work disclosed some startling ore values but shaft sinking and drifting did not live up to the early promises.

Ship 500 Tons By Air Freight Argosy Mines

Record Contract Goes to Canadian Airways, Post Learns

SUMMER JOB

What is probably the biggest single air freighting contract to be let in the world with the exception of the Bulolo Gold Dredging enterprise in New Guinea, has been let by Argosy Gold Mines, to Canadian Airways Ltd., The Post learns.

The contract calls for the flying in of 500 tons of freight from Gold Pines, on the C.N.R. to the Argosy property, some 80 miles away, the flying to be done next summer.

The alternative which Argosy officials faced was to take the equipment by water in the summer, to Gold Pines, on Lac Seul, and from there by tractor, to Cassummit Lake. The Post understands that while the rate for flying the equipment in is slightly higher, officials of Argosy believe that the air route will be more economical in the long run, and possible costly delays will be avoided. The Patricia Transportation Co. is handling the overland section of the haul.

The tremendous tonnage of freight will start to be moved in about four months from now, or as soon after the break-up as possible.

Cyanide Mill Ordered

Argosy Gold Mines is successor to Casey Summit Gold Mines, and is being financed jointly by Coniagas, Northern Canada Mining Corp. and Kenty Gold Mines. The property is already equipped with a 50-ton amalgamation mill, and a complete cyanide mill has been ordered for delivery at Hudon by Feb. 15. It is expected that the modernized mill will be ready for production by the middle of the summer. Ore reserves are said to be sufficient for two years mill feed.

Meanwhile development work is being carried on on the 400-ft. and 300-ft. levels.

Gurney Gold Adds to Vein In Drift at 215-ft. Level

Gurney Gold Mines, which succeeded Wylie-Dominion, reports that recent drifting on the 125-ft. level has added 100 ft. to the No. 1 vein north, giving a continuous vein length of 260 ft. in the north-east drift.

In the south-west drift, No. 1 vein south has a proven length of 130 ft., and the face shows vein mineralization. Samples taken by the previous operators, Wylie-Dominion Gold Mines, as well as by the present company, indicate an average ore content of higher than half an ounce of gold per ton.

The mine crew has been increased to 30 men on this property, which is in The Pas mining division of Northern Manitoba.

Smelters—and 1936

1935 Earnings Almost Tripled—How Far Can Company Go This Year on Its Way Back to 1926 Level?

By WILFRID SANDERS

How great a recovery can Consolidated Mining & Smelting Co. achieve in the year 1936?

Exactly ten years ago Smelters had the most profitable year of its existence, earning, in 1926, after all expenses and write-offs, the equivalent of $23.67 per share.

That this vast organization, one of the most powerful in Canadian mining, has gone a long way on the road back to these balmy days, is strikingly evident in analysing the production figures for 1936.

Based on the fact that in 1935, this company had a greatly increased output of every metal but copper, a minor product, and on the fact that the average price of every metal during the year was higher, The Financial Post estimates that Smelter earned last year, after all expenses, depreciation, depletion, and development write-offs, over $9.50 per share. The exact figure, of course, will not be known until the annual report appears in April.

Earnings Up 183 Per Cent

The estimate is in sharp contrast with the $3.39 per share earned in 1934, during which year dividends and bonuses to the total of $3 were paid. 1935 earnings exceeded 1934 by 183 per cent.

Increased output and rising metal prices combined to make this recovery possible in 1935. The fact that most of the gains in metal prices were made toward the end of 1935 augurs well for the present year. At present prices, and tonnage, net profits of Consolidated Smelters are on a basis of about $16 per share.

The combined influence of increased production and higher metal prices can best be shown by the following tables. In estimating the average price of metals in 1935, The Financial Post has taken an average of the average price per month, the same method being adopted in estimating the average price in 1934. Production figures are official.

Output Gains

	Output lbs.	Average price per lb.	Value* $
Lead			
1934 ...	315,346,312	2.4c	7,568,311
1935 ...	328,658,000	3.2c	10,517,056
Increase	13,311,688	...	2,948,745
Zinc			
1934 ...	221,955,701	3.0c	6,769,649
1935 ...	239,680,000	3.2c	7,669,760
Increase	17,724,299		900,111
Copper			
1934 ...	1,568,000	7.4c	116,032
1935 ...	638,000	7.8c	49,764
Decrease	930,000		66,268

*Based on average price per year.

The above figures, as regards value of production, are based, it should be noted, on the average price of the metal per year, and therefore are only approximately correct.

Sales Close To Production

In addition it should be pointed out that they represent production, and not necessarily sales. Over a period of years, however, the metals on hand have been approximately the same, indicating that sales are keeping very close to production.

Not only in the realm of base metals has Smelters shown striking advance in the past year. In the precious metal field, in which this company is an important factor, revenues have also climbed, as shown in the following table:

Gold and Silver Record

	Output (ozs.)	Average price per ounce	Value*
Gold			
1934 ...	35,328	$34.50	1,218,816
1935 ...	65,131	35.14	2,288,703
Increase	29,803		1,069,887
Silver			
1934 ...	7,316,231	47.8c	3,497,158
1935 ...	7,594,366	64.2	4,874,583
Increase	278,135		1,377,425

$6.2 Millions Gross

What does all this add up to? Simply that in the year just past, making allowance for a decreased revenue from copper, Smelters added the sum of $6.2 millions to its gross revenue. Without reckoning costs, this increase is equivalent to $9.56 per share, on the basis of 651,652 shares outstanding.

It is, of course, almost impossible to estimate costs, without access to the books of the company. In addition, figures are not yet available as to tonnage treated, although it should be pretty close to two million tons, as compared with 1,792,298 tons of ore treated in 1934. Operating costs do not, of course, mount in proportion to tonnage, but some increase is inevitable. Write-offs for depreciation, depletion, and development will also be slightly higher. Taxes will certainly show an increase.

Dividends

Taking all these facts into consideration, The Post estimates roughly that about $3.35 per share will come off the increased revenue of $9.56 per share referred to above, for over-all costs, leaving an added per share profit of about $6.21, or a total per share profit for 1935 of $9.60.

These increased 1935 earnings have, of course, been reflected in tangible form by way of dividends. In 1934 Smelters paid dividends of $3 per share, as compared with dividends of $6.50 per share in 1935.

In trying to look ahead, and ascertain what the outlook for Smelters is in 1936, the investor will find several things of paramount importance, which place this company in a fortunate position.

No Bonds or Preferred Stock

In the first place, Smelters has no bonds nor preferred stock outstanding, leaving the common stock free to reflect any increase in earnings which has or may come. The company has an authorized capitalization of only 800,000 shares, par value being $25 per share. Of this amount, about 651,652 shares only are outstanding. Of the outstanding stock, Canadian Pacific Railways owns 651,652 shares, or slightly over 50 per cent.

In the course of time, Smelters has built up monetary substantial reserves. As at Dec. 31, 1934, the company had cash of over $2.8 millions, in addition to high-grade bonds with a market value at that time of $3,185,090. Accounts receivable, supplies, and metals on hand brought current assets well over the $17 million mark. Current liabilities were $4.1 millions, leaving a working capital of nearly $13 millions.

Fortunate Position

As to ore reserves, while no estimate has been made, Smelters is conceded to be in a fortunate position. In latter years, development at the Sullivan Mine, which is one of the world's largest zinc and lead producers, and Canada's largest silver producer, it is known that these reserves are enormous. Development work has been almost exclusively done above the 3,900-ft. level, and officials have stated that it is unlikely that ore will have to be mined below this level for many years.

Dependent on Prices

It will be seen therefore that from the point of view of its main operation, Consolidated Smelters' future is almost entirely dependent on the future of lead, zinc, and silver prices. The slightest fluctuation in price of either of these metals has a tremendous effect on Smelters' earnings.

From the production figures given in the tables above, it will be seen, for instance, that an increase of one cent per pound in the price, say, of lead, would mean an increase of over $3 millions to the gross revenue, on the basis of 1935 production. An increase of one cent in the price of zinc would mean $2.2 millions more to the gross revenue.

It is this element which provides Smelters today with any speculative tinge it may have. Nobody, of course, can tell what the price of lead, zinc, or silver will do in this year of grace. The future of silver is particularly obscure.

Free of Restriction Schemes

In the case of both lead and zinc, however, there are certain fundamentals in the background of these metals which provide a working measure. Unlike copper, lead and zinc are now comparatively free of restriction schemes. Unlike silver, they are free from artificial price levels, dictated from day to day by the fiscal policy of governments. It might be said that lead and zinc are practical adherents to the law of supply and demand. The record of previous cartels and restrictive schemes makes such attempts of doubtful merit.

With the United States market protected by high tariffs, and domestic consumption comparatively small, the chief outlet for Canada's lead and zinc is the United Kingdom. Previous articles appearing in The Post have tended to show that the supply of these metals has, in the past year, come more in line with demand. Enormous world stocks which piled up during depression years, and forced the price to abysmal depths, have, to a large extent, been whittled.

It would be entirely erroneous, in spite of the broadly brighter picture, to create the impression that all is lovely in the lead and zinc garden, however. While the modicum of industrial recovery which the world has experienced has been one factor in reducing stocks of lead and zinc, the fact must be faced that armament programmes have played an important part. How much further can this rearmament activity go? Are not such countries as Germany, Japan, Italy and France, not to mention Great Britain herself, near the limit of their arms paying abilities?

This, of course, is a question which is far beyond the scope of an analysis of Consolidated Mining & Smelting Co. Evidence, however, does seem to indicate that lead and zinc producers would do well not to place too much reliance on this particular outlet for their products. The real future of such companies as Smelters lies wrapped up in future industrial conditions.

Restriction

There is also the fact that markets for zinc appear to be in, temporarily at least, for a period of restriction. Tariffs on zinc, already high in the case of United States, give evidence of being raised in European countries now that armaments are approaching a "satisfactory" level.

All these stray thoughts, however, cannot detract from the fact that statistically, the lead and zinc situation is better than it was a year ago. Suppressing the old saw about figures and liars, this in itself is a comforting thought.

Outside Ventures

In estimating the outlook for Smelters, increasing consideration must be given its many outside ventures. Lack of space precludes any detailed examination of these, but readers of The Post should be fairly well informed in this regard. Briefly, in its 60 per cent interest in Buena Vista property, jointly owned with Big Missouri Mining Co., Smelters has a potentially important low grade gold producer. A mill, with a capacity of at least 1,500 tons per day, is virtually assured at this property in 1936. In the Chibougamau area of Quebec, Smelters is developing, under options, a property owned by Consolidated Chibougamau. This is another property of potential importance. At Beaverlodge, in the Lake Athabaska area, the company has under development a new gold prospect, about which little is known. In Ontario, Consolidated Smelters is developing the old Afton property, owned by the New Golden Rose Mines Ltd. and the Cordova property in south-eastern Ontario.

In addition, the company owns many copper properties which need only higher prices to loom as important subsidiary operations.

There is, finally, the question of the market price of Smelters stock. Currently, this stock is quoted at around $210 per share. On the basis of 1935 dividends, this price provides a yield of about 3.09 per cent.

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FOCUS INTEREST ON OMEGA GOLD MILLING NEARS

Ore Should Be Sufficient For 5 Years at 300 Tons

With production set for early in February on an initial basis of 300 tons daily, interest is beginning to focus on the operations of Omega Gold Mines, which under the sponsorship of Castle-Trethewey Mines is developing the property formerly owned by the Crown Reserve Mines and associated groups.

While The Post has not yet seen any official engineer's report on ore reserves, it is generally understood that these reserves stand at about 560,000 tons, with an average grade of $6.82 per ton at current gold prices. On the basis of 300 tons milling per day, this ore would be sufficient to last the mill for five years. Current developments, however, indicate that the tonnage might be stepped up to 500 tons per day shortly after operations start. The ore reserves given above are above the 675 ft. on the Crown property and 300 ft. on the proprietary. Development work has been carried on on the Crown to 1,175 ft. depth and on the proprietary to 1,000 ft. depth.

Average Grade $10

Previous drilling done by Noranda Mines indicated an average grade of around $10 across widths of from ten to 30 ft.

The entire authorized capitalization of $5 millions is outstanding. Two and a half million shares were allotted to Castle-Trethewey; one million shares each to Canadian Reserved Mines Ltd., and Proprietary Mines Ltd., and the remaining 500,000 shares used to pay commission and to provide funds for the liquidation of the liabilities of Canadian Reserved.

Spooner Meeting Defeats Proposed 15c Payment

Shareholders of Spooner Oils voted against a distribution of 50 cents a share by the company and reduction of the par value of shares from $1 to 50 cents, at an adjourned special meeting held recently. The vote was in favor of distribution but did not have the necessary two-thirds majority.

Spooner Oils recently sold three wells to Royalite Oil Co., and the proposed distribution was part of the proceeds. Directors were advised that this was the only way payment could be made to the shareholders, and the dividend previously declared of 15 cents per share was cancelled.

It is understood that much of the opposition to the proposal came from Hiram Spooner, who holds some 175,000 shares.

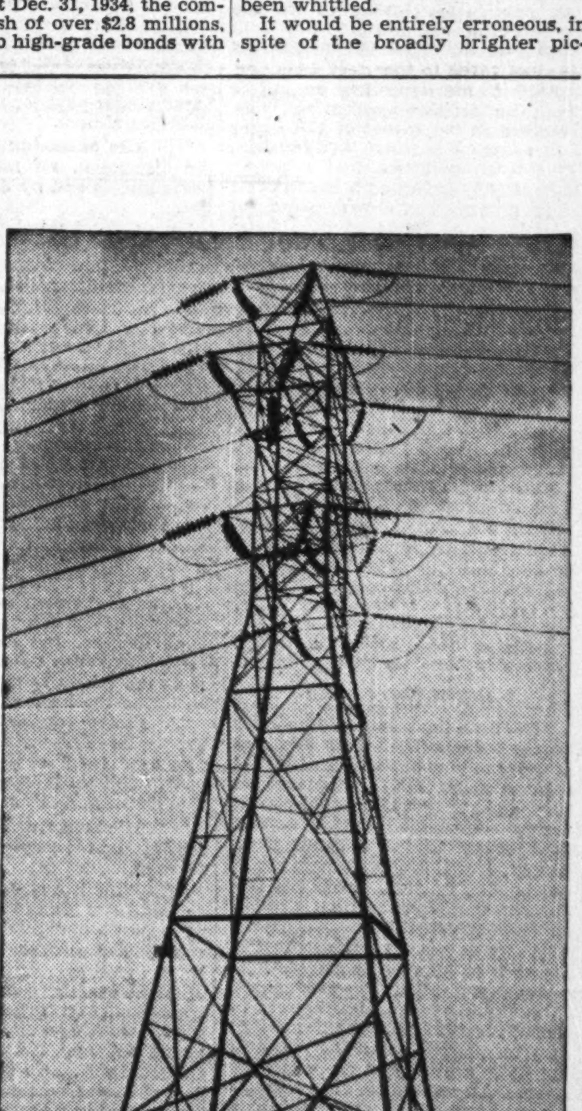
POWER ... to Move Mountains

THROUGH thousands and thousands of miles of Canada's rock-strewn, bush-girt hinterland run thin veins of energy-bringing power lines.

Like tall sentinels, guarding the rugged route, stand the long rows of towers and poles, supporting these vital veins.

The ingenuity of science, in all its forms, accrued over many years, has made the construction and operation of these structures possible—through bush, over rivers and across mountains. But the ingenuity of science would be impotent were the need not there to draw these power lines across the face of Canada.

The mining industry is one of the Dominion's greatest and most vigorous outlets for power.



Last Year, Canada's Mines Spent $11 Millions for Electrical Energy

This figure does not include expenditures for electrical equipment, or labor. Electrical equipment alone cost Canadian mines over $3 millions last year.

It does not include the power used by towns and villages supported, partially or entirely by the mining industry.

In nearly every province, the consumption of power by the mines represents a growing force, aiding the Dominion to develop, through one great primary industry, another of her greatest natural resources.

HERE IS THE RECORD

Below is an estimate of what the mines of each mining province spent in 1935 for electrical power:

Nova Scotia	$ 1,500,000	Manitoba & Sask. ..	300,000
New Brunswick ...	18,000	Alberta	200,000
Quebec	1,800,000	British Columbia ..	3,000,000
Ontario	4,500,000	Grand Total	$11,318,000

Mining Reports

Dome Mines

Earnings per share, before depreciation, depletion and contingent reserves, of $4.64 per share, are estimated for Dome Mines, Porcupine producer, for the year ended Dec. 31, 1935. On the same basis, earnings in 1934 amounted to about $4.58 per share.

During the year, according to the estimate, the company milled 549,100 tons, from which a recovery of 206,795 fine ounces of gold was obtained. This works out to an average recovery per ton of $13.27.

Below is the estimate:

Estimated Earnings
Year Ended December 31, 1935

	$
Bullion production	*6,939,989
Less: Devel., oper. & gen. costs	‡2,274,830
Res. for taxes	†590,987
Outside explor. w/o	18,047
Est. oper. profit	4,056,125
Add: Non-oper. inc.	363,595
Est. net profit	4,419,720

*After deduction of bullion tax and mint charges of $346,202.
‡Equal to $4.143 per ton.
†After deduction reserve set up in 1934 of $105,000.

Production:

Tons milled	549,100
Fine ounces gold	206,795
Recovery per ton*	$13.27

*Before deducting bullion tax and mint charges.

McIntyre Porcupine

Earnings of McIntyre Porcupine Mines for the nine months ended Dec. 31, 1935 dropped to $3.31 per share from the $3.50 per share earned in the similar period of 1934. The decrease was attributed to higher costs, taxation, and a larger allowance for depreciation. These three increases combined to more than offset higher gross income.

Net income for the second quarter of the company's fiscal year, the quarter ended Sept. 30, 1935, was the highest to date, at $918,463, or $1.15 per share.

The following tabulation shows the company's earnings statements for the nine month periods ended Dec. 31 1934, and 1935:

Income Account
Nine Months Ended

	Dec. 31 1935 $	Dec. 31 1934 $
Gross income	6,365,825	6,204,782
Less: costs incl. devel.	2,904,198	2,678,953
Taxes	562,447	486,543
Depreciation	260,018	242,581
Net income	2,639,162	2,796,704
Earned per share	3.31	3.50

Note: gross income represents actual receipts from Royal Canadian Mint, after deductions made on behalf of the Dominion government amounting to $105,588.

Paymaster Consolidated—reports that under the agreement made January 18, 1936, the company has sold 100,000 shares at 50 cents per share and has granted options as follows: 100,000 shares at 50 cents per share to April 8; 100,000 shares at 60 cents to December 31; 100,000 shares at 75 cents to December 31, and 100,000 shares at $1.50 to July 8, 1937.

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CANADIAN OUTPUT FROM GOLD MINES UP 9.7 PER CENT

November World Production Shows Slight Drop

Canadian gold mines produced gold in November to the amount of 293,160, compared with 301,712 oz. in October, and 250,596 oz. in November, 1934, according to a statement issued by the Dominion Bureau of Statistics at Ottawa.

During the eleven months ending November, Canada produced 2,973,144 oz. of gold, or 9.7 per cent above the output in the corresponding period of 1934.

Ontario led with a total of 189,335 oz., compared with 194,924 oz. in the preceding month. The November output consisted of 79,567 oz. from the Kirkland Lake area, 79,543 oz. from the Porcupine camp, and 30,225 oz. from other sources.

Quebec Shows Loss

Quebec operators reported an output of 47,383 oz., as compared with 50,579 oz. in the preceding month. British Columbia produced 36,128 oz. of gold, or 3.4 per cent below the October output. Manitoba and Saskatchewan sources produced 13,939 oz., or an increase of 10.3 per cent over the October production.

Placer gold output in the Yukon totalled 5,202 oz. in November against 5,371 oz. in the previous month.

Shipments of gold from Nova Scotia to the Ottawa mint in November reached a total of 1,147 oz., compared with 744 oz. in October.

Average Gold Price

The average price of gold on the New York market in Canadian funds was $35.37 in November compared with $35.49 in October.

According to the estimate of the American Bureau of Metal Statistics, world production of gold in November amounted to 2,534,000 oz., as against 2,583,000 oz. in October.

Output from South African sources totalled 909,000 oz., or 2.5 per cent below the October total.

Production in the United States including the Philippines declined to 316,625 oz. from the October output of 368,735 oz.

Russia's production in November in the absence of definite information was estimated at 350,000 oz., which was the average monthly output in 1934.

DELIVERIES IN 1935 TO OIL REFINERIES UNDER 1934 FIGURE

Western Motorists Pay Over $10 Million For Turner Gas

From Our Own Correspondent

CALGARY.—Motorists in western Canada paid more than $10 million for Turner Valley gasoline and oil in 1935, it is revealed in marketing figures just released.

In addition, sales of gas from the field to Calgary, Lethbridge and various towns in Southern Alberta swelled the value of 1935 production.

A total of 968,528 bbls. were marketed through the Imperial and Bell refineries in Calgary and a considerable, but unknown, number of barrels were marketed through smaller refineries or at the well sites.

The average price paid by consumers at service stations was 30 cents a gallon, including the government tax.

Naphtha Deliveries

Naphtha and oil deliveries to the larger refineries in 1935 were less than in 1934 when 1,049,965 bbls. were marketed but were considerably in excess of the 1933 deliveries of 739,089 bbls. and the 1932 deliveries of 693,394 bbls.

Actual production figures to be released by the provincial department of lands and mines at the end of January will show that Turner Valley produced in excess of one million bbls. in 1935, it is believed by oil men.

Two Southern Prospects

Two Turner Valley wells are being drilled down to the "black lime" regardless of production possibilities if drilling were stopped at the present time. These two wells are the Union Freehold well and the British Dominion.

Plans adopted by the two companies may result in the bringing in of the largest wells in the field. Previously drilling has been halted and the wells declared producers when strong flows have been obtained from porous horizons.

Royalite No. 27

The Royalite No. 27 well in the north end of Turner Valley is making sensational progress at the rate of 1,500 ft. of hole a month.

At last report the well was down 4,237 ft. It was commenced less than three months ago. At the present rate the well should be completed in another month or so.

The crew at the Ranchmen's well on the Aldersyde structure is pounding away at hard rock. There is still a high grade of oil coming into the hole but the well is not a commercial producer as yet, according to observers.

Terminal Idle

The Terminal well on the Del Bonita structure which caused excitement in oil circles recently when an oil flow estimated at 100 bbls. a day was struck has been idle for several days while officials of the company and the head driller visited California. Upon their return the well will either be deepened or put on production.

Reeves MacDonald Mines Still Awaits Firm Prices

At the annual meeting in Vancouver of Reeves MacDonald Mines, controlled by Pend Oreille Mines and Metals Co., L. P. Larsen, president, advised shareholders that it is not proposed to resume activity at the property until metal prices are stabilized at higher levels. Directors were re-elected, with Miss J. Whitehouse filling the vacancy caused by the death of Col. H. H. Yuill.

Reeves MacDonald Mines has been inactive since July, 1930, on its lead and zinc property in the Nelson mining division of British Columbia. The company has an authorized capitalization of three million shares no par value, of which 2,058,000 shares were outstanding at last report.

Three Growing Mine Areas Aided by Hydro Extensions

Red Lake, Woman River, and Pickle Lake to be Aided by Expenditure of $700,000 on Existing Power Plants, Survey Shows

From Our Own Correspondent

SUDBURY.—Three growing mining districts in Northern Ontario are in line to benefit in development as a result of the Ontario Hydro-Electric Power Commission's decision to spend $700,000 in extension of existing power plants. These are Red Lake, Woman River and Pickle Lake areas.

The Red Lake district at present has two gold producers — Howey Gold Mines and McKenzie Red Lake Gold Mines. Howey is the pioneer of a large area and has been turning out gold for the last six years.

McKenzie, with a 150-ton mill, entered the producing list last year. Both these properties are powered from the Ear Falls plant of the Ontario Hydro, where a 5,000-h.p. unit is to be installed.

Red Lake Gold Shores and Cole Gold Mines, both in the same territory, are promising developments which will enjoy the advantages of cheap power as a result of the Hydro plans for expansion.

The Woman Lake area is about 50 miles east of Red Lake. Operating here are the J-M Consolidated and Hudson Patricia Mines, both of which are expanding the scope of their development.

Pickle Lake Properties

The new Hydro plant at Rat Rapids, where an extra unit is to provide an additional 1,600-h.p., serves the Pickle Crow Gold Mines, whose mill was placed in operation in 1935, and Central Patricia Mines, which commenced production the year previous.

On the basis of their present production schedules the output of gold from the combined properties will amount to approximately $3 millions in 1936, and it is just possible that this sum will be exceeded.

The Ear Falls plant, on the English River, contains a single unit, rated at 5,000 horsepower, under a head of 36 ft., and has been in continuous operation since February, 1930.

Rat Rapids Development

The Rat Rapids development is on the Albany River at the outlet of Lake St. Joseph. It was designed to supply power to mining developments north of the lake in the District of Patricia.

The plant is 730 miles, as the crow flies, from Toronto. Three sites on the Albany River were surveyed, and investigation finally resulted in the selection of the present site.

The development comprises a main dam at the Rat Rapids outlet, of the lake, a diversion dam at the Cedar Rapids outlet, and a short section of secondary dam about 200 ft. south of the main dam, in which the power house intake is incorporated.

The power house contains a single, horizontal unit, comprising a four-runner turbine rated at 1,200 horsepower under a 14.5-ft. head. The plant was constructed in 1934.

CANADA NORTHERN REPORTS EXPANSION

Increase in Mining Activities Adds to Company's Power Load

From Our Own Correspondent

MONTREAL. — During the last quarter of 1935, there were many additions to mining and milling equipment in all the mining camps served by Canada Northern Power Corp., resulting in greater power demands according to a letter sent out to shareholders.

In the northern Quebec area, the letter goes on to say, construction work has been completed on the new feeder connecting the properties of Siscoe Extension Gold Mines and Perron Gold Mines with the company's system, and plans are now underway to extend to the Sladen and East Malartic Gold Mines.

Serve Another Town

"A short extension was also made to the village of Val d'Or, the Township of Dubuisson and Bourlamaque, P.Q., where a distribution system has been installed, making the latest addition to the municipalities served by the company.

"On November 10, the Town of Timmins renewed the franchise held by the company for a further period of ten years from December 1, 1936.

"The rapid increase in the power demand in the area supplied from Blouin Lake sub-station has made it necessary to increase the capacity of that station and plans are well advanced for the undertaking of the work."

NORTHERN GOLD BELT SEEKING NEW FUNDS

Engineer Recommends Further Drilling on Old Property

Dr. James W. Barton, president of Northern Gold Belt Mining Co., informs The Post that negotiations are at present under way with a New York group by which this property, just north of the Hislop, Ontario, area in which Hollinger is now active, would be refinanced.

Recently the property was examined by James G. Farquharson, mining engineer, who reports that it has economic potentiality.

Mr. Farquharson recommends a carefully considered initial programme of 1,000 ft. of drilling to 200 ft.

Although the property has seen a considerable amount of surface work and drilling previously, this work, in Mr. Farquharson's opinion, has been rendered of little use through time and lack of data.

Primrose Strips No. 1 Vein With Encouraging Results

Officials of Primrose Exploration Co. with holdings in Clericy Township, Quebec, report that the No. 1 vein has been stripped for 500 ft. with both ends still open, vein material being well mineralized quartz. It is officially reported that the vein is from three to four feet wide and, where it enters into low ground on the west, has widened to five feet. A gas drill has been shipped to the property to speed up development.

KAW-CROW CLAIMS ADJOIN PRODUCERS IN PATRICIA REGION

H. R. Bain Offers 700,000 Shares to Finance Work

With 57 claims in the Patricia district, east of and adjacent to Pickle Crow Gold Mines' property, Kaw-Crow Patricia Gold Mines is currently offering, through H. R. Bain & Co., 700,000 treasury shares at 25 cents per share.

The sum of $25,000 has already been expended on the acquisition of these properties and preliminary mapping and development.

Proceeds of the present issue will be used to finance diamond drilling and surface exploration in an effort to find ore along the strike of the gold-bearing vein of the producing properties, Central Patricia and Pickle Crow, and to develop the property to the point where underground work would be warranted.

The company reports that if the present campaign secures results sufficient to warrant underground exploration, the company will still have available one-half of its entire capital stock.

Kaw-Crow Patricia Gold Mines has an authorized capitalization of 3 million shares $1 par value. Of these, 800,000 shares have been issued for property leaving, and including the present issue of 700,000 shares, 1,500,000 shares in the treasury. Reginald E. Hore, mining engineer, is president and managing director of the new company.

Directors include David Gross of Kitchener, G. M. Fleming, Dana H. Porter, and D. A. Chadwick, all of Toronto.

Form Optic Lake Syndicate For North Manitoba Group

From Our Own Correspondent

WINNIPEG. — Optic Lake Gold Syndicate capitalized with 35,000 units has been formed to develop a group of nine claims northeast of the Gurney Gold, formerly Wylie Dominion.

The property is at Optic Lake, twelve miles north of Cranberry Portage and approximately 50 miles northwest of The Pas. It was discovered and staked by one of the old-time prospectors of the district and work so far has disclosed strong surface showings. It has been trenched and pitted to a very considerable degree and lies in line with the discoveries on the Wylie Dominion.

E. (Ted) Hartnett, largely responsible for the flotation of Gurney Gold Mines, is also behind the new venture in partnership with J. A. McVicar and it is planned to carry out an extensive programme of diamond drilling.

George Bottoms, for several years operating properties in the Beaver Lake district, in a couple of grab samples obtained values of $16.20 and $59, while average samples taken by the prospectors have shown $7 across 8 ft.; $11 across 9 ft. and $12 across 3 ft.

The syndicate has been organized for the purpose of completing the consolidation of this group of claims, and for the purpose of organizing and incorporating a company to be capitalized at 3,000,000 shares to take over the syndicate holdings.

New Ore is Found, Mill at Veraguas Starts Part Time

Following favorable developments on the No. 1 adit level at Veraguas Mine, subsidiary of McVittie-Graham Mine in the Panama area, officials of Veraguas report that the mill was brought into production in December on a part-time basis and will continue on this basis until such time as ore conditions warrant an increase.

A programme of lateral work laid out to explore for new ore, by driving east on the No. 1 adit level to test ground that had been regarded as favorable, encountered two short ore shoots approximately 1,000 ft. from the old workings.

584 Tons in December

A total of 584 tons of ore was treated in December, from which 765 oz. of gold, 412 oz. of silver and 6,400 lb. of copper were recovered. Development of the new shoots is still in progress, but as yet information is incomplete as to their depth.

Veraguas has a liability of approximately 73,000 still outstanding to McVittie-Graham.

GOLDEN MANITOU FINANCED IN U. S.

Details of Option Agreement Announced—Shaft Sinking Proceeds

Senator W. H. Sharpe, President of Golden Manitou Syndicate, with property in Bourlamaque Township of Quebec, directly east of Lamaque Gold Mines, informs The Post that an agreement with Albany, N.Y., interests has been signed whereby 3,000 units of the Syndicate will be sold in the United States. The underwriters are Goodwin, Griswold & Co. of Albany, New York.

Under the details of this agreement, the units will be sold in the following scale::

No. of Units	Option Terms Expir. date of options	Price per unit
1,000	Jan. 20	$10
500	Feb. 15	$15
500	March 15	$20
1,000	April 15	$25

Senator Sharpe reports that the syndicate has received a first payment on this agreement.

At the property, a shaft is being sunk, and at a depth of 17 ft. samples assay $14.49 to the ton. At a 27 ft. depth assay samples taken across the 3½ to 4 ft. vein ran $23.10 in gold. The syndicate states that there is another vein one-half mile south which has been traced for over 1,000 ft. to where it dips into a slough. A shaft has been sunk on this vein to a depth of 26 ft.

The first shaft will be sunk to a depth of 125 ft. from whence lateral work will be done. The syndicate also intends to do some diamond drilling on the property between now and spring.

WAYSIDE SHOWS NET OF $2,256 FOR 1935

No Estimate of Ore Reserves Supplied With Annual Report

A net profit of $2,256, after all expenses and write-offs, is shown in the annual report of Wayside Consolidated Gold Mines, for the year ended Aug. 31, 1935. The mill at this property in the Bridge River area of British Columbia started on a 50 ton per day basis in November, 1934, being increased to 100 tons a year later.

Regarding the finances of the company, R. H. Tupper, chairman of the board, states that after the first 50,000 shares of the option granted last August had been taken up, and "it became problematical whether the option would be exercised at higher prices," the company received an offer to supply the funds necessary to complete the expansion programme.

The optionees agreed to relinquish their option, and the new agreement was signed.

No Ore Statement

No estimate of ore is contained in the report, the directors confining themselves to the statement that the company has one year's assured ore and one year's possible ore at the property.

The balance sheet as at Aug. 31 shows current assets of $44,833 and current liabilities of $15,177. Of the current assets, $38,296 is in the form of cash. As at Aug. 31, 1934, this item stood at $96,608.

Profit & Loss Account
(Year Ended Aug. 31)

	1935 $
Bullion prod.	31,738*
Less: oper. exp.:	
Mining	2,088
Milling	10,090
Ad. & gen. exp.	6,500
Net earnings from oper.	13,060
Add: int. earned	698
Stores	135
Total income	13,893
Less: insurance	608
Boarding house	481
Deprec.	3,789
Deplet.	3,114†
Dev. w/o	3,114†
Taxes	532
Net profit	2,255

*In Canadian funds, $18,796 at $20.67 gold.
†At $1 per ton of ore treated.

Parkhill Gold Recovery $75,550 in First Quarter

From Our Own Correspondent

MONTREAL.—Parkhill Gold Mines December tonnage amounted to 2,026 tons with gross recovery of $27,000.

During the first quarter of the company's fiscal year ended December 31 last 5,290 tons were milled with a total recovery of $75,550. Average recovery per ton was $14.29 and average number of tons milled per day was 57.5.

The mill operated 88 per cent of the total time, being closed down for eight days in order to install new machinery, etc., and also during the holiday period.

Hawkins Test Shipment Assays $15.75 Per Ton

The one-ton bulk sample of ore shipped from the property of Hawkins Mining Syndicate Ltd. in the Oba district to the Dominion ore testing laboratory at Ottawa assayed 0.45 oz. or $15.75 gold to the ton, officials inform The Post. The sample was taken from a ryolite tuft 20 ft. wide and over a length of 200 ft.

The six veins currently being explored have been stripped for a length of 700 to 900 ft.

Directors report that negotiations are under way for financing the company's operations.

MAY VOTE CHANGE IN MANAGEMENT OF DELTA MINES

Connection With Van Nickel Not Yet Made Clear

From Our Own Correspondent

SUDBURY.—Changes in the management of Delta Mines Syndicate are proposed in one of several proposals which will be brought before a meeting of the syndicate unitholders in Toronto, on January 20.

The resolution dealing with management aims to delete the paragraph which constitutes Messrs. Hyett, Keemle and Snook, managers of the syndicate, and substitute a clause reading as follows:

"Control of the affairs of the syndicate shall be in the hands of a board of managers composed of three members of the syndicate. There shall also be a secretary-treasurer of the syndicate. The board of managers shall from time to time be appointed by the members of the syndicate. The board of managers shall appoint the secretary-treasurer."

At the coming meeting a report will be received from a special committee of unitholders appointed at an informal meeting in September.

Calls For New Company

It is also planned to amend the agreement dated January 22, 1930, constituting the Delta Mines Syndicate, so as to provide for the incorporation of a company, possibly under the name of The Delta Mines.

Plans will also be discussed for satisfying creditors of the syndicate whose claims total approximately $10,000.

A balance sheet submitted by H. Westbeare, acting secretary, shows cash in bank amounting to $182, and accounts receivable from Van Nickel Mines, $3,881. Administration costs are shown at $73,398, development costs, $152,135. Capital issued is 4,216½ units, or $377,204.

Van Nickel Mines

For some months past Van Nickel Mines has been working the syndicate's property near the old Worthington mine, west of Sudbury, the operations consisting of shaft-sinking under steam power.

The connection between the syndicate and Van Nickel is not quite clear, but it is understood the syndicate purposes arranging a new set-up in its affairs.

Buffalo Beardmore Gold Is Financed For Drilling

Buffalo-Beardmore Gold Mines, operating a group of claims in the Beardmore-Sturgeon River area has completed a financial arrangement enabling the company to proceed with developments, according to officials.

The company has its own diamond drill, capable of operating to a depth of over 2,000 ft., and the company plans to start a drill programme immediately.

Hand Steel Sinking

A shaft site has been spotted, and sinking by hand steel has started pending the installation of power equipment.

The shaft is going down on the Bruce vein, which yielded commercial assays from surface channel samples. The property of Buffalo-Beardmore Gold Mines lies between the Leitch, Sand River, Wilport and Northern Empire, the last now treating 200 tons of ore daily.

See 51,850 Tons of Ore At Red Lake Gold Shore

Claiming that the company is "amply" financed, Charles E. St. Paul, president of Red Lake Gold Shore Mine, informs shareholders that directors propose to bring the property into production immediately. There will still be unissued over 700,000 shares in the treasury, it is claimed. This news accompanies a report by W. P. Mackle, manager, tracing developments at the property up to the end of 1935.

Mr. Mackle estimates that above the 425-ft. level there are 45,150 tons of assured ore and 6,700 tons of possible ore.

He roughly estimates that below the 425-ft. level is an additional 10,000 tons of ore. The average value of the ore classed as assured is .66 oz., or $23.20 per ton gold at $35 per oz.

Plans call for the opening of a new level early within the coming year at the 550-ft. horizon.

Sladen Malartic Prepares For Thorough Exploration

A development programme for Sladen Malartic Mines has been drawn up and a crew of men will be sent to the Quebec property immediately, The Financial Post is informed. Contracts for the hoist and compressor have already been awarded, and work on the construction of a power line to the mine is under way.

Site for the sinking of the shaft is now being surveyed, and full advantage will be taken of winter weather conditions

Nesbitt Thomson & Co. Ltd. recently made a private offering of 800,000 shares in this company, and report that the issue was over subscribed on the day of offering.

Bulolo Gold Output Off With Dredge Idle

From Our Own Correspondent

MONTREAL. — Bulolo Gold Dredging reports gold output during December of 6,774 fine ounces. This is in contrast to 9,723 ounces in November and 10,986 ounces in December, 1934.

Number two dredge was shut down for a while and only 615,000 cubic yards were handled during December as against 811,000 cubic yards in November, and 881,400 cubic yards in December a year ago. Operation of this dredge was resumed in the beginning of the year.

Estimated net working profit last month was 4,902 fine ounces, equivalent to $171,570, with gold calculated at $35 an ounce in Canadian funds.

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SURVEY TRANSPORT RADIO

An Incident

"Well,—you made it."—said the mining executive.
"Sure, didn't I promise to pick you up today?" replied the pilot.

There had been a shadow of doubt in the executive's mind, maybe he was thinking of previous unfortunate experiences and of excuses offered in the past by other pilots, yet his intonation implied delicately that for some reason he had faith in his pilot, also in a still more subtle manner it commended the man who had not let him down.

The promise on the part of the pilot was not a rash one. It was born of confidence inspired by intimate knowledge of the methods and resources of the company he represented. The pilot knew that back of that promise stood adequate maintenance facilities, radio communications, experienced ground personnel and the resources of a Dominion wide air transport organization — all factors making for dependability.

MONTREAL TORONTO
WINNIPEG VANCOUVER

CANADIAN AIRWAYS
Air Bases Throughout Canada

Mining Enquiries

Sladen Malartic

Could you give me the latest information regarding Sladen Malartic Gold Mines, and your opinion of this venture as a speculation?

In a recent report on the Quebec property of Sladen Malartic Mines, Andrew Walz, consulting engineer, gives definite promise for this company.

Mr. Walz is regarded as a capable mining engineer. He points out in his report that development work being carried on on adjacent property enhances the outlook for Sladen Malartic, while on the property itself sufficient tonnage has been indicated to warrant further development work. This report enhances the outlook for Sladen, and while it still remains, of course, a speculation, it has on the basis of this report a certain amount of attractions at present prices.

Moffatt Hall Mines

I would be very glad of a few details on Moffatt-Hall Mines. What is its outlook?

Moffatt-Hall Mine, whose property adjoins that of Bidgood-Kirkland Gold Mines in the Kirkland Lake district, has seen a certain amount of production, but what ore has come from the property has been treated on a lease basis and put only a very limited amount of money in the Moffatt-Hall treasury.

We do not believe that there is any mining being done on this property at the present time, and its record has been far from brilliant in the past.

The only hope for the company appears to be in locating a new property, and to date this has not been done. The company has never, to our knowledge, published an audited financial statement, so that the public is left in the dark as to what funds are available for outside exploration.

For all these reasons, the stock was delisted by the Toronto Stock Exchange in October last year.

The company has an authorized capitalization of $5 millions. We understand that nearly $4 millions of this is outstanding.

Home Oil Co.

I live in Barbados and depend entirely on your paper for my Canadian mining commitments. I have some stock in Home Oil, which cost me $15 per share. What are the chances of my regaining this price, or even making a profit? Anything you can tell me about this company will be appreciated. What are its holdings?

Judging by the price you paid for Home Oil Co. stock, purchase must have been made some time in 1929, at which time this company owned and operated producing petroleum and natural gas properties in the Turner Valley district of Alberta. Since that time, as you are probably aware, Home Oil has become exclusively a holding company, having investments in various mining companies in British Columbia in addition to shares in Royalite Oil Company.

Being a shareholder, you will probably receive the annual reports of the company sent to shareholders last March. In that report you will find the holdings of this company listed.

Briefly, these holdings represent an interest in some outstanding concerns, the chief of which are Royalite, Pioneer Gold Mines and Bralorne Mines. However, although these securities are apparently basically sound, this company's portfolio as at present constructed does not appear to leave much chance for expansion, and therefore for enhancement in stock.

Since the current market price for Home Oil stock is around 75 cents, we can see only a remote hope of you ever realizing your purchasing price of $15 per share. While current assets as at December 31, 1934, exceeded current liabilities by $411,374, you will see that there is comparatively little scope for enlarging the potentialities of this company's holdings.

Red Lake Gold Shore

Would appreciate your opinion of Red Lake Gold Shore Mines.

Red Lake Gold Shore Mines has been getting results underground which indicate the property is a fair prospect.

The property is in the west section of the Red Lake district and adjoins Howey Gold Mines. It is developed by three levels to 425 ft., and ore bodies encountered so far have been of fair width and commercial grade. You will understand, however, that it is still a prospect.

Financially, the company is in good shape, having a firm underwriting contract which calls for taking up 85,000 shares at thirty cents; 100,000 shares at thirty-five cents, and 300,00 shares at fifty cents, to yield the treasury a total of $210,000. This leaves nearly 800,000 shares still in the treasury. This contract should see the company financed for development on a worth while scale. Directors, we are informed, are to meet shortly to discuss mill plans.

Sudbury Basin Mines

May I trespass on your services for a brief review of Sudbury Basin Mines.

Sudbury Basin Mines, when its annual report for the fiscal year ended Dec. 31, 1934, is published, will probably show an enhanced value for its holdings, which were recently estimated to be $5.50 per share. The principal investment holdings of the company are Falconbridge Nickel Mines, Canadian Malartic Gold Mines, Matachewan Consolidated Mines and Beattie Gold Mines.

The company also owns the Vermilion Lake property which is a copper prospect and which will see further development only when copper prices are stabilized at around 10 cents a pound.

The company, orginally a base metal mining concern, has recently adopted the policy of hedging itself against low base metal prices by the inclusion of gold mining interests. While this policy has, in taxing the company's reserves, postponed dividend payments, it is generally conceded to be sound provided that the directors are good speculators.

As at December 31, 1934, the company reported that current liabilities exceeded current assets by $72,795. There is reason to believe that this deficit in working capital account will be materially decreased as at December 31, 1935.

Island Mountain Gold

I would be obliged for any information you can give me on Island Mountain Gold Mines, British Columbia.

I understand that this mine is controlled by Newmont Mining Corp. and that earnings were about 27 cents per share last year. As market price appears to be out of line with earnings would you mind giving me your opinion of the reason.

While Island Mountain Gold Mines near Barkerville, Cariboo district, B.C., has had considerable success since production started in December, 1934, we can find no basis for the estimated 1935 earnings of 27 cents per share, as mentioned by you in your letter.

Gross production in 1935 has been valued at $612,070. While we have seen no official figures as to cost, it can be assumed that at least $150,000 of this would represent net profits, after paying operating costs, depletion, depreciation and taxes.

On the basis of the 1,050,716 shares outstanding, this would represent earnings per share of about 14 cents. You will understand that this is an estimate made without recourse to official cost figures. At the current price of around $1, this would represent a yield of about 14 per cent.

The company's production record has been good. Since the mill started on a 50-ton basis, tonnage has been steadily increased until it is now handling around 144 tons daily. By September 30 last, it was reported that the company had earned sufficient to cover its balance of a loan from Newmont, which advanced the total of $225,500 to cover developments and mill installation.

Advices from the west indicate that the company is now, from monthly earnings, building up a cash surplus which is, of course, necessary before dividends can be considered.

Standard Minerals

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The degree of benefit available from mining ventures, in large measure depends on the facilities of the investor for intelligent investigation before an investment is made.

The investor of limited resources, with usually nothing more than a maze of selling data, seasoned on occasion with the ulterior opinion and advice of a selling organization, is decidedly handicapped.

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Company Investment Practices Still Favor Government Bonds

But Many Concerns Maintain Ample Cash — "Ploughing Back" Earnings — Investment Firms Recommend Diversification

Should fear of inflation or desire for appreciation lead companies to include more common stocks in their investment portfolios?

A problem typical of those being discussed by many boards of directors today comes to The Financial Post from a company with $50,000 to invest. It already has $50,000 in high quality government and corporation bonds. It wants to know if that amount is not too large a proportion of $100,000 to hold in government bonds.

It asks how much of the total $100,000 should be used in buying stocks with appreciation possibilities. It wants a list of companies well placed to take advantage of expected business recovery.

Directors also ask if such a change in investment policy is not advisable as insurance against possible inflation. They want readily marketable securities but do not care if present revenue is low so long as prospects are good.

Policies Vary Greatly

A study of 1934 balance sheets of the chief Canadian companies shows great variation in policy so far as that is revealed by holdings. They do not sufficiently itemize their investment holdings to permit a real analysis of investment policy by shareholders, in most cases.

It is apparent, however, that most large companies favor the highest class of government bonds.

A number go further and prefer to keep the major part of their liquid assets in cash and call loans.

An extraordinary respect for ample cash available at all times is shown by such companies as Brazilian Traction, Barcelona Traction, Twin City Rapid Transit Co., Shawinigan Water & Power Co., all the banks, Goodyear Tire, Canadian Westinghouse, Canadian General Electric, Ford of Canada, Imperial Oil, International Pete., Canada Packers, Borden Co., C.P.R., International Paper & Power, International Hydro Electric, International Nickel, Smelters, Canadian Industries, Imperial Tobacco and American Cyanamid.

Favor Bonds

If one includes their holdings of stocks of subsidiary and affiliated companies, company investments would be very high in common stocks. Eliminating those as really representing fixed and earning assets of a business character, investment policies go largely to government bonds and marketable securities with the bonds predominating.

In government, government guaranteed and municipal bonds 1934 reports of companies show the following totals: Montreal Power, $19.3 millions; Dominion Bridge, $4.6 millions (with $2.64 millions also invested in securities of other companies); Ford, $14.2 millions; Walker-Gooderham & Worts, nothing now but it kept more than $6 millions in government bonds while awaiting the opportunity for business expansion which finally came in the United States at the end of 1933; Hudson's Bay Co., $5.9 millions; Laura Secord, $1.4 millions; Imperial Oil, $23.1 millions but it holds outside current assets $60 millions of securities of subsidiaries and miscellaneous investments which have a market value several times the total; Royalite Oil, $1.4 millions; International Nickel, $1.8 millions; Smelters, $3.1 millions; Canadian Industries, $5.7 millions (other investments $1.1 millions and $1.6 millions for employees welfare in trust); and Famous Players, $1 million.

Investing for Business Reasons

Companies now rapidly expanding, do not show high investment holdings in most cases. They are putting it back into the business as fast as they can. Companies in an industry where competition is high value a back-log in good bonds and cash. Speculative policy in the larger companies seems mainly confined to those which have a good business reason. Either they want to help finance a customer or a supplier of raw materials or they desire to gain control or a voice in the affairs of a company in the same or similar line. Some investments are evidently made with the idea of establishing valuable connections in a business even when control is not contemplated.

Outside investment companies and holding companies, investment policies of boards of directors seem to have veered far from investing for appreciation with no other motive. But neither do they like present meagre returns from giltedge securities.

Diagnosis Needed to Invest

With this in mind The Financial Post relayed the problem to five representative investment banking companies. All refused to give a definitive reply without knowing the exact circumstances of the company, the exact purposes of the investment, its likely requirements for current funds for some years ahead and the extent of the risk which the company is able and willing to take.

Only Short-Date Governments

One firm goes so far as to say:

"I would not advise any industrial corporation which handles shareholders' funds, to buy anything but short-date high-grade government securities.

"It would be preferable to confine the investment to Dominion government bonds maturing not later than 1945. We have in mind at the moment several of our largest Canadian corporations who will not buy anything with surplus funds but securities of the above type. If these are not available the money is placed in the bank or on call until such time as they are offered the security they require."

Another investment banker writes in part:

"Even a private company should adopt the principle of investing surplus funds in the highest type of government bonds in maturities varying from five to 15 years. Corporations which have securities outstanding in the hands of the public should be even more careful to invest in government bonds by preference. No company should choose a bond of long maturity if it may need the money in the business on short notice.

Vulnerable Position

"The evidence of recent years of the vulnerable position of firms which have invested their funds in other than the highest type of bonds should not be forgotten. The companies which have maintained a strong cash position have come through the difficulties of recent years in a splendid way.

"Unless special circumstances strongly dictate another course $100,000 would not be too much for the average corporation capable of accumulating funds to have invested in the highest type of Canadian government bonds quoted at about par and of suitable maturities."

"The majority of suitable corporation bonds and preferred shares are now selling at or above their call price and are apt to be refunded into lower interest-bearing issues," writes another investment banker.

"Most industrial common and other stocks," he adds, "are not apt to be as suitable market-wise as better-grade government issues."

Favors Leader Stocks

Only one prominent investment adviser runs counter to the general opinion that a company should stick to government bonds and the safest corporation bonds and preferred stocks until all possible reserve needs have been anticipated. He names a number of company securities which he thinks should be a good purchase for a company's funds, adding—

"These companies have to be good or government bonds will not be of much use because it is from the success of such companies that the government must get the revenue to pay bond interest."

This man suggests stocks of companies which are leaders in their line. The main requirements, he says, are that a company should be well managed, financially sound, and that it be in a basic industry which is going to improve its earnings. He insists there should be diversification of investment over four or five stocks at least to provide against the possibility of unfavorable experience in one stock. Where immediate income is not necessary he thinks a company could invest in a list of stocks of concerns which could not possibly make money during the depression but which made money under good management before and which he believes are likely to make money again.

Whatever their views about the investment of the first $100,000 all submitted lists of stocks they considered suitable or best:

List No. 1

Smelters	International Pete.
H. Walker-G. & W.	Brazilian
Steel of Canada	

List No. 2

Corporation bonds:

Shawinigan	C. P. R.
B. A. Oil	Bell Telephone
Halifax Harbor Comm.	Gatineau Power

Preferred Stocks (Non-callable):

Steel of Canada	Imperial Tobacco
Canadian Indus.	Moore Corp.‡
Robt. Simpson	Beatty Bros.

‡Convertible.

Common stocks:

Bell Telephone	Steel of Canada
Montreal Power	Laura Secord
B. A. Oil	Imperial Oil
International Pete.	Smelters
International Nickel	

List No. 3

Common stocks:

International Pete.	McColl Frontenac
International Nickel	Wright Hargreaves
	Noranda
Consumers Gas	Montreal Power

Depreciated bonds:*

Abitibi Power 5's	Canada S. S. 6's
Lake St. John P. & P. 6½'s	Donnaconna 5½'s

*Selling so low that they have appreciation possibilities.

List No. 4

A. Securities of companies which will be favorably affected directly or indirectly by increase of Canadian grain shipments at world prices, but at present paying no dividends or interest:

Canada S. S. 6's	C. P. R.
Alta. Pac. Grain pf.	Massey Harris pfd.
Cockshutt Plow	M. Bawlf grain pfd.
Lake of the Woods	West. Canada Flour pfd.
Reliance Grain	
Canada S. S. pfd.	

B. Construction and equipment issues likely to benefit from a general increase in capital expenditure:

Building Products	Canada Cement, pf.
Canada Car pfd.	Dom. Bridge
Dufferin Cons. 5's	Foundation Co.
Gen. Steelwares, p.	Gypsum, Lime & Alabastine
Int. Metal Indus. p.	
National Steel Car	Nat. Sewer Pipe, A

C. Miscellaneous recommendations:

1. For capital appreciation:

Brazilian Traction	Fanny Farmer
Ford of Canada	Hinde & Dauch
Noranda	Rogers Majestic

2. For income:

Blue Ribbon pfd.	B. A. Oil
Goodyear Tire	Int. Pete.
McColl Frontenac	Montreal Power
Photo Engravers	George Weston

List No. 5

Short term bonds:
Dominion and Ontario bonds with maturities to 1940 and yielding from 1.19 to 2.4 p c.

Medium Term bonds:
Dominion and New Brunswick bonds with yields from 3.17 to 3.31 p.c.

Long Term Bonds:
Dominion bonds yielding from 3.13 p.c. to 3.74 p.c., yield increasing with length of term.

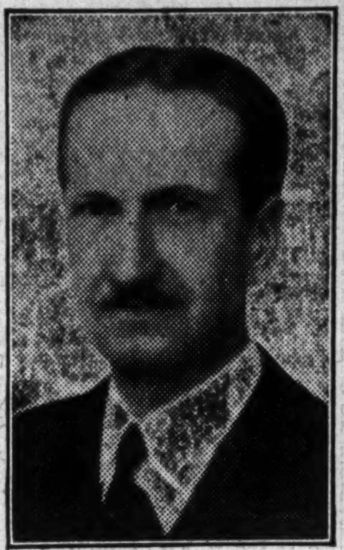
List No. 6

1. $50,000 or 50 per cent:
Government or corporation bonds primarily held for safety, readily marketable and paying a fair average annual interest return;

2. $20,000 or 20 per cent:
In thoroughly sound and carefully selected preferred stocks of well-established companies under capable management. Earnings for some years should have been sufficient to cover dividends comfortably. Non-callable and participating issues should be chosen where possible. Income from these will raise revenue return on average.
50 shares Canadian Celanese 7's n.c., participating.
50 shares Southern Canada Power 6's n.c., p.
50 shares Northern Ontario Power 6's callable at 110 p.
200 shares International Bronze Powders 6s n.c., p.

3. $30,000 or 30 per cent:
In good investment common stocks of well-established companies under proven management. First consideration should be given to listed stocks and to those which have paid dividends through depression years.
100 shares Steel of Canada
100 shares Canada & Dominion Sugar
100 shares Dominion Bridge
100 shares Noranda Mines
100 shares Int. Pete.
25 shares Smelters
Note: These give interesting diversification, a good average income and a good opportunity for increase in income and appreciation. Important point about all securities in list is that securities are all of well-known and efficiently managed companies giving almost continuous information as to earnings and operations. All have close and active trading markets.

New Confederation Life Directors



R. V. LeSUEUR
Vice-president of Imperial Oil Co., who has been named to fill the vacancy left by the death of Col. R. F. Massie.

F. GRENVILLE ROLPH
Director of Rolph-Clark-Stone, Ltd., named to fill the vacancy caused by retirement from the board of J. S. McLean.

SUGGEST TORONTO MIGHT CONSIDER NEW TAX LEVIES

Propose Tax on Utilities, Also Wage and Auto Tax

With an increase of $2 millions in expenditures in prospect for 1936, the city of Toronto is seeking new avenues of taxation.

Taxation of public utilities, a civic tax on automobiles and a wage tax are among the proposals made by Ald. John B. Laidlaw, chairman of the city's taxation committee, as a means of raising this additional revenue. These taxes, Mr. Laidlaw feels, would also yield sufficient revenue to make it possible for the city to proceed with the new sewage disposal plant and to tackle the housing and slum clearance problem.

In a letter to The Financial Post, Mr. Laidlaw points out these new taxes are being proposed, rather than an increase in the general tax rate, in order not to increase the present heavy burden of taxation on real estate. He states that real estate values in Toronto are being slowly destroyed by taxation.

Taxation of the public utilities such as the Toronto Hydro-Electric System and the Toronto Transportation Commission would yield, it is estimated, about $1 million.

There are over 120,000 private automobiles and business cars and trucks owned by residents of Toronto. These, it is felt, should help pay the large outlay on roads and the annual cost of traffic regulation. A tax of $5 each would yield $600,000 a year.

The wage tax proposal is aimed at the large number of men and women earning good wages who pay no city taxes and yet enjoy the many services rendered. Mr. Laidlaw suggests that a tax on salaries and wages, with the exemption of all under $40 a month for a single man and $80 a month for a married man, at the rate of one per cent, would yield about $1.5 millions.

In addition to approval by the city council, consent of the Ontario government would be necessary before the proposed taxes could be levied.

Among Mr. Laidlaw's proposals is also a suggestion that services be reduced and that salaries of civic employees be lowered. He does not feel, however, that much can be accomplished in this direction, especially since there is a demand for increased services.

Bachelors and the Market

"There's too much importance attached to the stock market," said my friend. "What if it does go up a few points?" he asked. "How is that going to bring prosperity back to the vast majority of people who never owned a share of stock in their lives?"

"Well," I replied, "it all helps. The people who do benefit directly pass the good work on in greater spending and wider smiles. Both are infectious. That's why it's not only the men who have made a little money in the market who are saying on every side:

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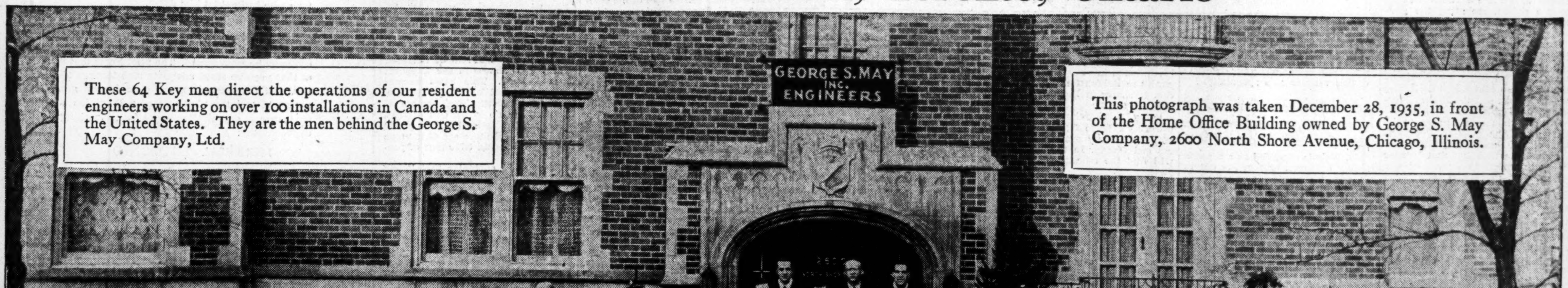

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